UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

☑ Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For fiscal year ended December 31, 2004.

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

Commission file number 1-8400.

AMR Corporation

(Exact name of registrant as specified in its charter)

Delaware	75-1825172
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
4333 Amon Carter Blvd. Fort Worth, Texas	76155
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (817) 963-1234
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of exchange on which registered
Common stock, $1 par value per share	New York Stock Exchange
9.00% Debentures due 2016	New York Stock Exchange
7.875% Public Income Notes due 2039	New York Stock Exchange

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

NONE

(Title of Class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No o.

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☑

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2). Yes ☑ No o.

The aggregate market value of the voting stock held by non-affiliates of the registrant as of June 30, 2004, was approximately $1.9 billion. As of February 18, 2005, 161,161,254 shares of the registrant's common stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Part III of this Form 10-K incorporates by reference certain information from the Proxy Statement for the Annual Meeting of Stockholders to be held May 18, 2005.

TABLE OF CONTENTS

PART I

ITEM 1. BUSINESS

AMR Corporation (AMR or the Company) was incorporated in October 1982. AMR's operations fall almost entirely in the airline industry. AMR's principal subsidiary, American Airlines, Inc. (American), was founded in 1934. On April 9, 2001, American (through a wholly owned subsidiary, TWA Airlines LLC (TWA LLC)) purchased substantially all of the assets and assumed certain liabilities of Trans World Airlines, Inc. (TWA), the eighth largest U.S. carrier at the time of the transaction.

American is the largest scheduled passenger airline in the world. At the end of 2004, American provided scheduled jet service to approximately 150 destinations throughout North America, the Caribbean, Latin America, Europe and the Pacific. American is also one of the largest scheduled air freight carriers in the world, providing a wide range of freight and mail services to shippers throughout its system.

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

AMR Investment Services, Inc. (AMR Investment), a wholly-owned subsidiary of AMR, is responsible for the investment and oversight of assets of AMR's U.S. employee benefit plans, as well as AMR's short-term investments. It also serves as the investment manager of the American AAdvantage Funds, a family of mutual funds with both institutional and retail shareholders, and provides customized fixed income portfolio management services. As of December 31, 2004, AMR Investment was responsible for the management of approximately $36.5 billion in assets, including direct management of approximately $16.4 billion in short-term fixed income investments. The Company anticipates that, on March 1, 2005, the names of both AMR Investment Services, Inc. and the American AAdvantage Funds will change to American Beacon Advisors, Inc. and American Beacon Funds, respectively.

A. Recent Events

The Company has incurred very large operating and net losses during the past four years, as shown in the following table:

	Year ended December 31,			
(in millions)	2004	2003	2002	2001
Operating loss	$ (144)	$ (844)	$ (3,330)	$ (2,470)
Net loss	(761)	(1,228)	(3,511)	(1,762)

These losses reflect, among other things, a substantial decrease in the Company's revenues in 2001 and 2002. This revenue decrease was primarily driven by (i) a steep fall-off in the demand for air travel, particularly business travel, primarily caused by weakness in the U.S. economy, (ii) reduced pricing power, resulting mainly from greater cost sensitivity on the part of travelers (especially business travelers), increasing competition from low-cost carriers (LCCs) and the continuing increase in pricing transparency resulting from the use of the Internet and (iii) the aftermath of the terrorist attacks of September 11, 2001 (Terrorist Attacks), which accelerated and exacerbated the trend of decreased demand and reduced industry revenues. The Company believes that its reduced pricing power resulting from the factors listed in clause (ii) above will persist indefinitely and possibly permanently.

Passenger traffic rebounded in 2003 and 2004, reflecting a general improvement in the U.S. and several other economies served by the Company, the diminishing impact of the Terrorist Attacks on demand and lower fares. However, the Company's pricing power remained depressed in 2003 due to a continuation of the factors listed in clause (ii) of the preceding paragraph, and declined in 2004 due to significant increases in overall industry capacity that exceeded the growth in demand, and more frequent and more deeply discounted fare sales initiated by competitors, including competitors currently operating under the protection of Chapter 11 of the Bankruptcy Code.

The Company's 2004 operating and financial results were also adversely affected by the significant increases in the price of jet fuel. Fuel price increases during 2004 resulted in a year-over-year increase of 33.9 cents per gallon. This price increase negatively impacted fuel expense by $1.1 billion during the year. Continuing high fuel prices, additional increases in the price of fuel, and/or disruptions in the supply of fuel, would further adversely affect the Company's financial condition and its results of operations.

In response to the challenges faced by the Company, during the past four years the Company has implemented several restructuring and other initiatives:

- Following the Terrorist Attacks, the Company reduced its operating schedule by approximately 20 percent and reduced its workforce by approximately 20,000 jobs.

- In 2002, the Company announced a series of initiatives to reduce its annual costs by $2 billion. These initiatives are being implemented through 2005, and involve: (i) scheduling efficiencies, (ii) fleet simplification, (iii) streamlined customer interaction, (iv) distribution modifications, (v) in-flight product changes, (vi) operational changes and (vii) headquarters/administration efficiencies. As a result of these initiatives, the Company reduced an estimated 7,000 jobs by March 2003.

- In February 2003, American asked its employees for approximately $1.8 billion in annual savings through a combination of changes in wages, benefits and work rules. In April 2003, American reached agreements with its three unions (the Labor Agreements) and also implemented various changes in the pay plans and benefits for non-unionized personnel, including officers and other management (the Management Reductions). The Labor Agreements and Management Reductions resulted in $1.8 billion in annual savings including a workforce reduction of approximately 9,300 jobs. In addition, the Company and American reached concessionary agreements with certain vendors, lessors, lenders and suppliers (collectively, the Vendors, and the agreements, the Vendor Agreements), resulting in approximately $200 million in annual cost savings. Generally, under the terms of these Vendor Agreements, the Company or American received the benefit of lower rates and charges for certain goods and services, and more favorable rent and financing terms with respect to certain of its aircraft.

- Subsequent to the April 2003 Labor Agreements the Company announced the Turnaround Plan. The Turnaround Plan is the Company's strategic framework for returning to sustained profitability and emphasizes: (i) lower costs, (ii) an increased focus on what customers' truly value and are prepared to pay for, (iii) increased union and employee involvement in the operation of the Company and (iv) the need for a more sound balance sheet/financial structure.

- In the latter part of 2003 and throughout 2004, the Company continued to work – under the basic tenets of the Turnaround Plan – with its unions and employees to identify and implement additional initiatives designed to increase efficiencies and revenues and reduce costs. These initiatives included: (i) the return of under-used gate space and the consolidation of the Company's terminal space, (ii) the de-peaking of its hub at Miami, the reduction in the size of its St. Louis hub and the simplification of its domestic operations, (iii) the acceleration of the retirement of certain aircraft and the cancellation or deferral of aircraft deliveries, (iv) the improvement of aircraft utilization across its fleet and an increase in seating density on certain fleet types, (v) the sale of certain non-core assets, (vi) the expansion of its international network, where the Company believes that higher revenue generating opportunities currently exist, (vii) the implementation of an on-board food purchase program and new fees for ticketing services and (viii) numerous other initiatives.

- As part of its effort to build greater employee involvement, the Company has worked to make its labor unions and its employees, its business partners on the need for continuous improvement under the Turnaround Plan. Among other things, the senior management of the Company meets regularly with union officials to discuss the Company's financial results as well as the competitive landscape. These discussions include: (i) the Company's cost reduction and revenue enhancement initiatives and (ii) a review of initiatives, in-place or contemplated, at other airlines and the impact of those initiatives on the Company's competitive posture.

The Company's ability to become profitable and its ability to continue to fund its obligations on an ongoing basis will depend on a number of factors, some of which are largely beyond the Company's control. Some of the risk factors that affect the Company's business and financial results are discussed in the Risk Factors listed in Item 7. As the Company seeks to improve its financial condition, it must continue to take steps to generate additional revenues and significantly reduce its costs. Although the Company has a number of initiatives underway to address the cost and revenue challenges, the ultimate success of these initiatives is not known at this time and cannot be assured. It will be very difficult, absent continued restructuring of its operations, for the Company to continue to fund its obligations on an ongoing basis or to become profitable if the overall industry revenue environment does not improve and fuel prices remain at historically high levels for an extended period.

B. Competition

Major Competitors The domestic airline industry is fiercely competitive. Currently, any U.S. air carrier deemed fit by the U.S. Department of Transportation (DOT) is free to operate scheduled passenger service between any two points within the U.S. and its possessions. Most major air carriers have developed hub-and-spoke systems and schedule patterns in an effort to maximize the revenue potential of their service. American operates five hubs: Dallas/Fort Worth (DFW), Chicago O'Hare, Miami, St. Louis and San Juan, Puerto Rico. United Air Lines (United) also has a hub operation at Chicago O'Hare. Delta Air Lines (Delta) previously operated a hub at DFW. In January 2005, however, Delta ceased hub operations at DFW. The American Eagle carriers increase the number of markets the Company serves by providing connections at American's hubs and certain other major airports — Boston, Los Angeles, Raleigh/Durham and New York's LaGuardia and John F. Kennedy International Airports. The American Connection carriers provide connecting service to American through St. Louis. American's competitors also own or have marketing agreements with regional carriers which provide similar services at their major hubs and other locations.

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

The Company must compete with carriers that have recently reorganized or are reorganizing, including under the protection of Chapter 11 of the Bankruptcy Code. It is possible that one or more other competitors may seek to reorganize in or out of Chapter 11. Successful completion of such out-of-court or Chapter 11 reorganizations could present the Company with competitors with lower operating costs derived from renegotiated labor, supply and financing contracts.

International Air Transportation In addition to its extensive domestic service, the Company provides international service to the Caribbean, Canada, Latin America, Europe and the Pacific. The Company's operating revenues from foreign operations were approximately 35 percent of the Company's total operating revenues in 2004 and 27 and 28 percent of the Company's total operating revenues in 2003 and 2002, respectively. Additional information about the Company's foreign operations is included in Note 14 to the consolidated financial statements.

In providing international air transportation, the Company competes with foreign investor-owned carriers, state-owned carriers and U.S. airlines that have been granted authority to provide scheduled passenger and cargo service between the U.S. and various overseas locations. The major U.S. air carriers have some advantage over foreign competitors in their ability to generate traffic from their extensive domestic route systems. In some cases, however, foreign governments limit U.S. air carriers' rights to carry passengers beyond designated gateway cities in foreign countries. To improve access to each other's markets, various U.S. and foreign air carriers — including American — have established marketing relationships with other airlines and rail companies. American currently has marketing relationships with Aer Lingus, Air Pacific, Air Tahiti Nui, Alaska Airlines, British Airways, Cathay Pacific, China Eastern Airlines, Deutsche Bahn, EL AL, EVA Air, Finnair, Gulf Air, Hawaiian Airlines, Iberia, Japan Airlines, Lan Airlines, Mexicana, Qantas Airways, SN Brussels, SNCF, Southern Winds, Swiss International Air Lines, TACA Group, the TAM Group and Turkish Airlines. In the coming years, the Company expects to develop these programs further and to evaluate new alliances with other carriers.

American is also a founding member of the **one**world alliance, which includes Aer Lingus, British Airways, Cathay Pacific, Finnair, Lan Airlines, Iberia, and Qantas. The **one**world alliance links the networks of the member carriers to enhance customer service and smooth connections to the destinations served by the alliance, including linking the carriers' frequent flyer programs and access to the carriers' airport lounge facilities. Several of American's major competitors are members of marketing/operational alliances that enjoy antitrust immunity. To the extent that American and British Airways, the largest members of the **one**world alliance, are restricted in their relationship because they lack antitrust immunity, the carriers are at a competitive disadvantage vis-à-vis other alliances that have antitrust immunity. Following permission from the DOT to codeshare on a wide number of flights beyond the carriers' gateways in the United Kingdom and the United States, American and British Airways implemented their first phase of codeshare services in 2003 and expanded this cooperation further in 2004.

Price Competition The airline industry is characterized by substantial and intense price competition. Fare discounting by competitors has historically had a negative effect on the Company's financial results because the Company is generally required to match competitors' fares because failing to match would provide even less revenue. In January 2005, Delta implemented a U.S.-wide simplified fare structure initiative, which the Company matched in most domestic markets. The Company expects this simplified fare initiative to initially have a negative impact on its 2005 revenues. The longer-term impact on revenues is unclear at this time.

During recent years, a number of new LCCs have entered the domestic market and several major airlines, including the Company, have implemented efforts to lower their costs. Lower cost structures enable airlines to offer lower fares. In addition, several air carriers have recently reorganized or are reorganizing under Chapter 11 of the United States Bankruptcy Code, including United and US Airways. In the past, air carriers involved in reorganizations have undertaken substantial fare discounting in order to maintain cash flows and preserve their customer base. Further fare reductions, domestic and international, may therefore occur in the future. If fare reductions are not offset by increases in passenger traffic, changes in the mix of traffic that improve yields (passenger revenue per passenger mile) and/or cost reductions, the Company's operating results will be negatively impacted.

Distribution Systems The growing use of electronic ticket distribution systems provides the Company with an opportunity to lower its distribution costs. However, the continuous increase in pricing transparency resulting from the use of the Internet has enabled cost-conscious customers to more easily obtain the lowest fare on any given route. The Company continues to expand the capabilities of its Internet website — AA.com — and the use of electronic ticketing throughout the Company's network. In addition, the Company has marketing agreements with Orbitz and other Internet travel services.

The majority of the tickets for travel on American and the American Eagle carriers continue to be sold by travel agents. In 2002, American announced that it would no longer pay base commissions on tickets issued by travel agents in the United States, Puerto Rico, and Canada (which generally were five percent of the price of a ticket, capped at a maximum of $20 for a domestic roundtrip itinerary and $100 for an international roundtrip). As discussed in Item 3 Legal Proceedings, the Company is subject to legal challenges related to these changes. American continues, however, to pay certain commissions to travel agents in connection with special revenue programs. American believes that other domestic carriers also no longer pay base commissions on tickets issued by travel agents in the U.S., Puerto Rico and Canada, but pay certain commissions in connection with their own special revenue programs. Accordingly, airlines compete, not only with respect to the price of the tickets sold, but also with respect to the amount of special revenue program commissions that may be paid. In addition, American has been actively pursuing reducing base commissions for international points of sale.

The Company also establishes incentive programs with corporate customers to increase revenues. The Company believes that its network breadth and local market presence in key cities allow it to have some advantages over other competitors.

C. Regulation

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

The FAA regulates flying operations generally, including establishing personnel, aircraft and certain security standards. As part of that oversight, the FAA has implemented a number of requirements that the Company is incorporating into its maintenance programs. The Company is progressing toward the completion of over 100 airworthiness directives including McDonnell Douglas MD-80 metal-mylar insulation replacement, enhanced ground proximity warning systems, McDonnell Douglas MD-80 main landing gear piston improvements, Boeing 757 and Boeing 767 pylon improvements, Boeing 737 elevator and rudder improvements and Airbus A300 structural improvements. Based on its current implementation schedule, the Company expects to be in compliance with the applicable requirements within the required time periods.

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

International International air transportation is subject to extensive government regulation. The Company's operating authority in international markets is subject to aviation agreements between the U.S. and the respective countries or governmental authorities (such as the European Union), and in some cases, fares and schedules require the approval of the DOT and/or the relevant foreign governments. Moreover, alliances with international carriers may be subject to the jurisdiction and regulations of various foreign agencies. Bilateral agreements between the U.S. and various foreign governments of countries served by the Company are periodically subject to renegotiation. Changes in U.S. or foreign government aviation policies could result in the alteration or termination of such agreements, diminish the value of route authorities, or otherwise adversely affect the Company's international operations. In addition, at some foreign airports, an air carrier needs slots (landing and take-off authorizations) before the air carrier can introduce new service or increase existing service. The availability of such slots is not assured and the inability of the Company to obtain and retain needed slots could therefore inhibit its efforts to compete in certain international markets.

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

Effective February 1, 2002, the ATSA imposed a $2.50 per enplanement security service fee ($5 one-way maximum fee), which is being collected by the air carriers and submitted to the government to pay for these enhanced security measures. Additionally, for the years 2002, 2003 and 2004, air carriers were required to submit to the government an amount equal to what the air carriers paid for screening passengers and property in 2000. After 2004, this fee may be assessed based upon some other allocation. However, air carriers will continue to submit to the government an amount equal to what the carriers paid for screening passengers and property in 2000 until further notice. The budget for fiscal year 2006 submitted by President Bush contains a spending proposal for the Department of Homeland Security that would increase the per enplanement security service fee to $5.50 ($8 one-way maximum fee for multiple segments). American and other carriers have announced their opposition to this proposal as there is no assurance that any increase in fees could be passed on to customers.

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

Airport Access The FAA has designated New York John F. Kennedy, New York LaGuardia, and Washington Reagan airports as high-density traffic airports. The high-density rule limits the number of Instrument Flight Rule operations — take-offs and landings — permitted per hour and requires that a slot support each operation. In April 2000, the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century (Air 21 Act) was enacted. It will eliminate slot restrictions at New York John F. Kennedy and New York LaGuardia airports in 2007. The Company expects that the elimination of these slot restrictions could create operational challenges, but does not expect the elimination of these slot restrictions to have a material adverse impact on the Company's financial condition, results of operations or cash flows.

As a result of agreements reached with the FAA in 2004, the Company reduced operations at Chicago O'Hare during certain peak times to improve dependability.

Currently, the FAA permits the purchasing, selling, leasing or transferring of slots except those slots designated as international, essential air service or Air 21 Act slots (certain slots at the New York John F. Kennedy, New York LaGuardia, and Washington Reagan airports). Trading of any domestic slot is permitted subject to certain parameters. Some foreign airports, including London Heathrow, a major European destination for American, also have slot allocations. Most foreign authorities do not officially recognize the purchasing, selling or leasing of slots.

In addition, the Wright Amendment restricts certain flight operations at Dallas Love Field to a limited geographic area. To the extent these flight restrictions are lifted in the future, it could have an adverse financial impact on the Company.

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

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

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

American has been named as a potentially responsible party (PRP) for contamination at the former Operating Industries, Inc. Landfill in Monterrey Park, CA (OII). American's alleged volumetric contributions at OII are small when compared with those of other PRPs. American is participating with a number of other PRPs in a Steering Committee that has conducted extensive negotiations with the EPA and state officials in recent years. Members of the Steering Committee, including American, have entered into a series of partial consent decrees with EPA and the State of California which address specific aspects of investigation and cleanup at OII. To date American has paid approximately $1.25 million toward its share of cleanup costs under those consent decrees. Together with a number of other small-volume PRPs at OII, American seeks a settlement that will enable it to resolve all of its remaining past and present liabilities at OII in exchange for a one-time, lump-sum settlement payment. The amount of American's potential contribution towards such a settlement is not yet known but American expects that its payments will be immaterial.

American also has been named as a PRP for contamination at the Double Eagle Superfund Site in Oklahoma City, OK (Double Eagle). American's alleged volumetric contributions are small when compared with those of other PRPs. American is participating with a number of other PRPs at Double Eagle in a Joint Defense Group that is actively conducting settlement negotiations with the EPA and state officials. The group is seeking a settlement on behalf of its members that will enable American to resolve its past and present liabilities at Double Eagle in exchange for a one-time, lump-sum settlement payment. American expects that its payment will be immaterial.

American, along with most other tenants at the San Francisco International Airport (SFIA), has been ordered by the California Regional Water Quality Control Board to engage in various studies of potential environmental contamination at the airport and to undertake remedial measures, if necessary. In 1997, the SFIA pursued a cost recovery action in the U.S. District Court of Northern California against certain airport tenants to recover past and future costs associated with historic airport contamination. American entered an initial settlement for accrued past costs in 2000 for $850,000. In 2004, American resolved its liability for all remaining past and future costs. Based on SFIA's cost projections, the value of American's second settlement is approximately $4 million payable over a 30 year period.

Miami-Dade County (the County) is currently investigating and remediating various environmental conditions at the Miami International Airport (MIA) and funding the remediation costs through landing fees and various cost recovery methods. American and AMR Eagle have been named PRPs for the contamination at MIA. See Item 3, Legal Proceedings, for additional information.

In 1999, American was ordered by the New York State Department of Environmental Conservation (NYSDEC) to conduct remediation of environmental contamination located at Terminals 8 and 9 at New York's John F. Kennedy International Airport (JFK). American is seeking to recover a portion of the JFK remediation costs from previous users of the Terminals 8 and 9 premises. In 2004, American entered a Consent Order with NYSDEC for the remediation of a JFK off-terminal hangar facility. American expects that the projected costs associated with the JFK remediations will be immaterial.

In 1996, American and Executive, along with other tenants at the Luis Munoz Marin International Airport in San Juan, Puerto Rico (SJU) were notified by the SJU Port Authority that it considered them potentially responsible for environmental contamination at the airport. In 2003, the SJU Port Authority requested that American, among other airport tenants, fund an ongoing subsurface investigation and site assessment. American denied liability for the related costs. No further action has been taken against American or Executive.

American Eagle Airlines, Inc. (American Eagle) has been notified of its potential liability under New York law at an inactive hazardous waste site in Poughkeepsie, New York. Pursuant to an Administrative Order on Consent entered into with NYSDEC, American Eagle is implementing a final remedy to address contamination at the site. The costs of this final remedy are immaterial.

The Company does not expect these matters, individually or collectively, to have a material impact on its financial condition, results of operations or cash flows. See Note 4 to the consolidated financial statements for additional information.

D. Labor

The airline business is labor intensive. Wages, salaries and benefits represented approximately 36 percent of the Company's consolidated operating expenses for the year ended December 31, 2004. The average full-time equivalent number of employees of the Company's subsidiaries for the year ended December 31, 2004 was 92,100.

The majority of these employees are represented by labor unions and covered by collective bargaining agreements. Relations with such labor organizations are governed by the Railway Labor Act. Under this act, the collective bargaining agreements among the Company's subsidiaries and these organizations generally do not expire but instead become amendable as of a stated date. If either party wishes to modify the terms of any such agreement, it must notify the other party in the manner described in the agreement. After receipt of such notice, the parties must meet for direct negotiations, and if no agreement is reached, either party may request the National Mediation Board (NMB) to appoint a federal mediator. If no agreement is reached in mediation, the NMB may declare at some time that an impasse exists, and if an impasse is declared, the NMB proffers binding arbitration to the parties. Either party may decline to submit to arbitration. If arbitration is rejected by either party, a 30-day "cooling off" period commences. During that period (or after), a Presidential Emergency Board (PEB) may be established, which examines the parties' positions and recommends a solution. The PEB process lasts for 30 days and is followed by another "cooling off" period of 30 days. At the end of a "cooling off" period, unless an agreement is reached or action is taken by Congress, the labor organization may strike and the airline may resort to "self-help", including the imposition of any or all of its proposed amendments and the hiring of new employees to replace any striking workers.

In April 2003, American reached agreements with its three major unions — the Allied Pilots Association (the APA), the Transport Workers Union of America (AFL-CIO) (the TWU) and the Association of Professional Flight Attendants (the APFA) (previously described as the Labor Agreements). The Labor Agreements substantially reduced the labor costs associated with the employees represented by the unions. In conjunction with the Labor Agreements, American implemented various changes in the pay plans and benefits for non-unionized personnel, including officers and other management (the Management Reductions). While the parties may begin discussions in 2006, the Labor Agreements do not become amendable until 2008.

The Air Line Pilots Association (ALPA), which represents American Eagle pilots, reached agreement with American Eagle effective September 1, 1997, to have all of the pilots of the American Eagle carriers covered by a single collective bargaining agreement. This agreement lasts until October 31, 2013. The agreement provides to the parties the right to seek limited changes in 2000, 2004, 2008 and 2012. If the parties are unable to agree on the limited changes, they also agree that the issues would be resolved by interest arbitration, without the exercise of self-help (such as a strike). ALPA and American Eagle negotiated a tentative agreement in 2000, but that agreement failed in ratification. Thereafter, the parties participated in interest arbitration. The interest arbitration panel determined the limited changes that should be made and these changes were appropriately effected. In 2004, the parties successfully negotiated limited changes that became effective on January 1, 2005.

The Association of Flight Attendants (AFA), which represents the flight attendants of the American Eagle carriers, reached agreement with American Eagle effective March 2, 1998, to have all flight attendants of the American Eagle carriers covered by a single contract. The agreement became amendable on September 2, 2001. The parties agreed to commence negotiations over amendments to the agreement in March 2001. The mediation assistance of the NMB was requested and mediation commenced in November 2003. The mediated negotiations continue. The other union employees at the American Eagle carriers are covered by separate agreements with the TWU, which were effective April 28, 1998, and were amendable April 28, 2003. American Eagle and the TWU reached agreements with respect to the TWU-represented work groups at various times in late 2004 and early 2005. They have agreed that openers may be exchanged at least 60 days prior to October 1, 2007, for all of those agreements.

The non-union employees formerly with TWA LLC have been integrated into American's work force. With respect to the integration of unionized employees formerly employed by TWA LLC, American reached integration agreements with the APA (with respect to pilot integration) and the APFA (with respect to flight attendant integration). American and the TWU participated in arbitration and resolved certain unionized ground employee integration issues in late February and early March 2002. In early April 2002, the NMB declared American and TWA LLC a single carrier for labor relations purposes and designated American's incumbent unions as the collective bargaining representatives of the relevant work groups at both American and TWA LLC. Since American's unions thereafter represented the relevant employees at both carriers, the integration mechanisms applicable to the unions at American could then begin to be effected. The integration of the unionized work groups has occurred in accordance with those mechanisms.

E. Fuel

The Company's operations and financial results are significantly affected by the availability and price of jet fuel. The Company's fuel costs and consumption for the years 2002 through 2004 were:

Year	Gallons Consumed (in millions)	Total Cost (in millions)	Average Cost Per Gallon (in cents)	Percent of AMR's Operating Expenses
2002	3,345	$ 2,562	76.2	12.3
2003	3,161	2,772	87.7	15.2
2004	3,264	3,969	121.6	21.1

The impact of fuel price changes on the Company and its competitors depends on various factors, including hedging strategies. The Company has a fuel hedging program in which it enters into jet fuel, heating oil and crude oil hedging contracts to dampen the impact of the volatility of jet fuel prices. During 2004, 2003 and 2002, the Company's fuel hedging program reduced the Company's fuel expense by approximately $99 million, $149 million and $4 million, respectively. As of December 31, 2004, the Company had hedged, with option contracts, approximately 15 percent of its estimated first quarter 2005 fuel requirements and minimal amounts of its estimated fuel requirements thereafter. A deterioration of the Company's liquidity position could negatively affect the Company's ability to hedge fuel in the future. See the Risk Factors under Item 7 for additional information regarding fuel.

Additional information regarding the Company's fuel program is also included in Item 7(A) – Quantitative and Qualitative Disclosures about Market Risk and in Note 7 to the consolidated financial statements.

F. Frequent Flyer Program

American established the AAdvantage frequent flyer program (AAdvantage) to develop passenger loyalty by offering awards to travelers for their continued patronage. The Company believes that the AAdvantage program is one of its competitive strengths. AAdvantage members earn mileage credits for flights on American, American Eagle and certain other participating airlines, or by using services of other program participants, including bank credit card issuers, hotels, car rental companies and phone service companies. American sells mileage credits and related services to the other companies participating in the program. American reserves the right to change the AAdvantage program at any time without notice and may end the program with six months notice.

Mileage credits can be redeemed for free, discounted or upgraded travel on American, American Eagle or other participating airlines, or for other travel industry awards. Once a member accrues sufficient mileage for an award, the member may book award travel. Most travel awards are subject to capacity controlled seating. Mileage credit does not expire, provided a customer has any type of qualifying activity at least once every 36 months. See Critical Accounting Policies and Estimates under Item 7 for more information on AAdvantage.

G. Other Matters

Seasonality and Other Factors The Company's results of operations for any interim period are not necessarily indicative of those for the entire year, since the air transportation business is subject to seasonal fluctuations. Higher demand for air travel has traditionally resulted in more favorable operating and financial results for the second and third quarters of the year than for the first and fourth quarters. Fears of terrorism or war, fare initiatives, fluctuations in fuel prices, labor actions, weather and other factors could impact this seasonal pattern. Unaudited quarterly financial data for the two-year period ended December 31, 2004 is included in Note 15 to the consolidated financial statements. In addition, the results of operations in the air transportation business have also significantly fluctuated in the past in response to general economic conditions.

No material part of the business of AMR and its subsidiaries is dependent upon a single customer or very few customers. Consequently, the loss of the Company's largest few customers would not have a materially adverse effect upon the Company.

Insurance The Company carries insurance for public liability, passenger liability, property damage and all-risk coverage for damage to its aircraft.

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

The U.S. government has agreed to provide commercial war-risk insurance for U.S. based airlines until August 31, 2005 covering losses to employees, passengers, third parties and aircraft. In addition, the Secretary of Transportation may extend the policy until December 31, 2005, at his discretion. However, there is no assurance that it will be extended. If the U.S. government does not extend the policy beyond August 31, 2005, the Company will attempt to purchase similar coverage with narrower scope from commercial insurers at an additional cost. To the extent this coverage is not available at commercially reasonable rates, the Company's results of operations would be negatively affected. While the price of commercial insurance has declined in recent years, in the event commercial insurance carriers further reduce the amount of insurance coverage available to the Company, or significantly increase its cost, the Company's operations and/or financial position and results of operations would be adversely affected.

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

Available Information The Company makes its annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 available free of charge under the Investor Relations page on its website, www.aa.com, as soon as reasonably practicable after such reports are electronically filed with the Securities and Exchange Commission. In addition, the Company's code of ethics, which applies to all employees of the Company including the Company's Chief Executive Officer (CEO), Chief Financial Officer (CFO) and Controller, is posted under the Investor Relations page on its website, www.aa.com. The Company intends to disclose any amendments to the code of ethics, or waivers of the code of ethics on behalf of the CEO, CFO or Controller, under the Investor Relations page on the Company's website, www.aa.com. The charters for the AMR Board of Director's standing committees (the Audit, Compensation, Diversity and Nominating/Corporate Governance Committees) as well as the Board of Director's Governance Policies (the Governance Policies) are likewise available on the Company's website, www.aa.com. Upon request, copies of the charters or the Governance Policies are available at no cost.

ITEM 2. PROPERTIES

Flight Equipment – Operating

Owned and leased aircraft operated by the Company at December 31, 2004 included:

Equipment Type	Average Seating Capacity	Owned	Capital Leased	Operating Leased	Total	Average Age (Years)
American Airlines Aircraft						
Airbus A300-600R	267	10	—	24	34	15
Boeing 737-800	142	67	—	10	77	5
Boeing 757-200	187	87	6	50	143	10
Boeing 767-200 Extended Range	158	4	11	1	16	18
Boeing 767-300 Extended Range	212	45	2	11	58	11
Boeing 777-200 Extended Range	232	45	—	—	45	4
McDonnell Douglas MD-80	129	144	75	135	354	16
Total		402	94	231	727	12
AMR Eagle Aircraft						
Bombardier CRJ-700	70	25	—	—	25	2
Embraer 135	37	39	—	—	39	5
Embraer 140	44	59	—	—	59	2
Embraer 145	50	88	—	—	88	3
Super ATR	64/66	39	—	2	41	10
Saab 340B/340B Plus	34	2	7	25	34	10
Total		252	7	27	286	5

Of the operating aircraft listed above, 17 McDonnell Douglas MD-80s — 11 owned, four operating leased and two capital leased — and one operating leased Saab 340B Plus were in temporary storage as of December 31, 2004.

Flight Equipment – Non-Operating

Owned and leased aircraft not operated by the Company at December 31, 2004 included:

Equipment Type	Owned	Capital Leased	Operating Leased	Total
American Airlines Aircraft				
Boeing 767-200	9	—	—	9
Boeing 767-200 Extended Range	3	—	1	4
Fokker 100	—	—	4	4
McDonnell Douglas MD-80	7	—	2	9
Total	19	—	7	26
AMR Eagle Aircraft				
Embraer 145	10	—	—	10
Saab 340B/340B Plus	2	48	—	50
Total	12	48	—	60

In the fourth quarter of 2004, the Company decided to permanently retire seven owned McDonnell Douglas MD-80s which were previously in temporary storage.

As part of the Company's fleet simplification initiative, American has agreed to sell certain aircraft. As of December 31, 2004, remaining owned aircraft to be delivered under these agreements include three Boeing 767-200 Extended Range and one Boeing 767-200 aircraft.

AMR Eagle has leased its 10 owned Embraer 145s not operated by the Company to Trans States Airlines, Inc.

The Company is actively marketing its remaining Boeing 767-200 owned non-operating aircraft and does not anticipate bringing these aircraft back into service.

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

Lease expirations for the leased aircraft included in the preceding table of operating flight equipment as of December 31, 2004, are:

Equipment Type	2005	2006	2007	2008	2009	2010 and Thereafter
American Airlines Aircraft						
Airbus A300-600R	—	—	—	3	3	18
Boeing 737-800	—	—	—	—	—	10
Boeing 757-200	—	—	15	9	1	31
Boeing 767-200 Extended Range	—	—	—	2	1	9
Boeing 767-300 Extended Range	—	2	—	3	—	8
McDonnell Douglas MD-80	10	—	1	12	6	181
	10	2	16	29	11	257
AMR Eagle Aircraft						
Super ATR	—	2	—	—	—	—
Saab 340B/340B Plus	3	11	10	8	—	—
	3	13	10	8	—	—

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

A very large majority of the Company's owned aircraft are encumbered.

Ground Properties

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

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

ITEM 3. LEGAL PROCEEDINGS

On July 26, 1999, a class action lawsuit was filed, and in November 1999 an amended complaint was filed, against AMR Corporation, American Airlines, Inc., AMR Eagle Holding Corporation, Airlines Reporting Corporation, and the Sabre Group Holdings, Inc. in the United States District Court for the Central District of California, Western Division (Westways World Travel, Inc. v. AMR Corp., et al.). The lawsuit alleges that requiring travel agencies to pay debit memos to American for violations of American's fare rules (by customers of the agencies): (1) breaches the Agent Reporting Agreement between American and AMR Eagle and the plaintiffs; (2) constitutes unjust enrichment; and (3) violates the Racketeer Influenced and Corrupt Organizations Act of 1970 (RICO). The certified class includes all travel agencies who have been or will be required to pay money to American for debit memos for fare rules violations from July 26, 1995 to the present. The plaintiffs seek to enjoin American from enforcing the pricing rules in question and to recover the amounts paid for debit memos, plus treble damages, attorneys' fees, and costs. The Company intends to vigorously defend the lawsuit. Although the Company believes that the litigation is without merit, a final adverse court decision could impose restrictions on the Company's relationships with travel agencies, which could have an adverse impact on the Company.

On May 17, 2002, the named plaintiffs in Hall, et al. v. United Airlines, et al., pending in the United States District Court for the Eastern District of North Carolina, filed an amended complaint alleging that between 1995 and the present, American and over 15 other defendant airlines conspired to reduce commissions paid to U.S.-based travel agents in violation of Section 1 of the Sherman Act. The plaintiffs are seeking monetary damages and injunctive relief. The court granted class action certification to the plaintiffs on September 17, 2002, defining the plaintiff class as all travel agents in the United States, Puerto Rico, and the United States Virgin Islands, who, at any time from October 1, 1997 to the present, issued tickets, miscellaneous change orders, or prepaid ticket advices for travel on any of the defendant airlines. The case was stayed as to US Airways and United Airlines, since they filed for bankruptcy. Defendant carriers filed a motion for summary judgment on December 10, 2002, which the court granted on October 30, 2003. The 4th Circuit Court of Appeals affirmed the order dismissing all claims against the Defendant carriers on December 9, 2004.

Between April 3, 2003 and June 5, 2003, three lawsuits were filed by travel agents some of whom have opted out of the Hall class action (above) to pursue their claims individually against American Airlines, Inc., other airline defendants, and in one case against certain airline defendants and Orbitz LLC. (Tam Travel et. al., v. Delta Air Lines et. al., in the United States District Court for the Northern District of California – San Francisco (51 individual agencies), Paula Fausky d/b/a Timeless Travel v. American Airlines, et. al, in the United States District Court for the Northern District of Ohio Eastern Division (29 agencies) and Swope Travel et al. v. Orbitz et. al. in the United States District Court for the Eastern District of Texas Beaumont Division (6 agencies)). Collectively, these lawsuits seek damages and injunctive relief alleging that the certain airline defendants and Orbitz LLC: (i) conspired to prevent travel agents from acting as effective competitors in the distribution of airline tickets to passengers in violation of Section 1 of the Sherman Act; (ii) conspired to monopolize the distribution of common carrier air travel between airports in the United States in violation of Section 2 of the Sherman Act; and that (iii) between 1995 and the present, the airline defendants conspired to reduce commissions paid to U.S.-based travel agents in violation of Section 1 of the Sherman Act. These cases have been consolidated in the United States District Court for the Northern District of Ohio Eastern Division. American is vigorously defending these lawsuits. A final adverse court decision awarding substantial money damages or placing restrictions on the Company's distribution practices would have an adverse impact on the Company.

On May 13, 2002, the named plaintiffs in Always Travel, et. al. v. Air Canada, et. al., pending in the Federal Court of Canada, Trial Division, Montreal, filed a statement of claim alleging that between 1995 and the present, American, the other defendant airlines, and the International Air Transport Association conspired to reduce commissions paid to Canada-based travel agents in violation of Section 45 of the Competition Act of Canada. The named plaintiffs sought monetary damages and injunctive relief and to certify a nationwide class of travel agents. On December 10, 2004, the court approved a motion by the plaintiffs to dismiss this action.

On August 14, 2002, a class action lawsuit was filed against American Airlines, Inc. in the United States District Court for the Central District of California, Western Division (All World Professional Travel Services, Inc. v. American Airlines, Inc.). The lawsuit alleges that requiring travel agencies to pay debit memos for refunding tickets after September 11, 2001: (1) breaches the Agent Reporting Agreement between American and plaintiff; (2) constitutes unjust enrichment; and (3) violates the Racketeer Influenced and Corrupt Organizations Act of 1970 (RICO). The alleged class includes all travel agencies who have or will be required to pay moneys to American for an "administrative service charge," "penalty fee," or other fee for processing refunds on behalf of passengers who were unable to use their tickets in the days immediately following the resumption of air carrier service after the tragedies on September 11, 2001. On April 1, 2004, the court denied plaintiff's motion for class certification. On or about October 14, 2004, an amended class action complaint was filed. On January 12, 2005, the court dismissed the action without prejudice.

On August 19, 2002, a class action lawsuit seeking monetary damages was filed, and on May 7, 2003 an amended complaint was filed in the United States District Court for the Southern District of New York (Power Travel International, Inc. v. American Airlines, Inc., et al.) against American, Continental Airlines, Delta Air Lines, United Airlines, and Northwest Airlines, alleging that American and the other defendants breached their contracts with the agency and were unjustly enriched when these carriers at various times reduced their base commissions to zero. The as yet uncertified class includes all travel agencies accredited by the Airlines Reporting Corporation "whose base commissions on airline tickets were unilaterally reduced to zero by" the defendants. The case is stayed as to United Airlines, since it filed for bankruptcy. American is vigorously defending the lawsuit. Although the Company believes that the litigation is without merit, a final adverse court decision awarding substantial money damages or forcing the Company to pay agency commissions would have an adverse impact on the Company.

Miami-Dade County (the County) is currently investigating and remediating various environmental conditions at the Miami International Airport (MIA) and funding the remediation costs through landing fees and various cost recovery methods. American and AMR Eagle have been named as PRPs for the contamination at MIA. During the second quarter of 2001, the County filed a lawsuit against 17 defendants, including American Airlines, Inc., in an attempt to recover its past and future cleanup costs (Miami-Dade County, Florida v. Advance Cargo Services, Inc., et al. in the Florida Circuit Court). The Company is vigorously defending the lawsuit. In addition to the 17 defendants named in the lawsuit, 243 other agencies and companies were also named as PRPs and contributors to the contamination. The case is currently stayed while the parties pursue an alternative dispute resolution process. The County has proposed draft allocation models for remedial costs for the Terminal and Tank Farm areas of MIA. While it is anticipated that American and AMR Eagle will be allocated equitable shares of remedial costs, the Company does not expect the allocated amounts to have a material adverse effect on the Company.

Four cases (each being a purported class action) have been filed against American arising from the disclosure of passenger name records by a vendor of American. The cases are: Kimmell v. AMR, et al. (U. S. District Court, Texas), Baldwin v. AMR, et al. (U. S. District Court, Texas), Rosenberg v. AMR, et al. (U. S. District Court, New York) and Anapolsky v. AMR, et al. (U.S. District Court, New York). The Kimmell suit was filed in April 2004. The Baldwin and Rosenberg cases were filed in May 2004. The Anapolsky suit was filed in September 2004. The suits allege various causes of action, including but not limited to, violations of the Electronic Communications Privacy Act, negligent misrepresentation, breach of contract and violation of alleged common law rights of privacy. In each case plaintiffs seek statutory damages of $1000 per passenger, plus additional unspecified monetary damages. The Company is vigorously defending these suits and believes the suits are without merit. However, a final adverse court decision awarding a maximum amount of statutory damages would have an adverse impact on the Company.

American is defending three lawsuits, filed as class actions but not certified as such, arising from allegedly improper failure to refund certain governmental taxes and fees collected by the Company upon the sale of nonrefundable tickets when such tickets are not used for travel. The suits are: Coleman v. American Airlines, Inc., No. 101106, filed December 31, 2002, pending (on appeal) before the Supreme Court of Oklahoma. The Coleman Plaintiffs seek actual damages (not specified) and interest. Hayes v. American Airlines, Inc., No. 04-3231, pending in the United States District Court for the Eastern District of New York, filed July 2, 2004. The Hayes Plaintiffs seek unspecified damages, declaratory judgment, costs, attorneys' fees, and interest. Harrington v. Delta Air Lines, Inc., et. al., No. 04-12558, pending in the United States District Court for the District of Massachusetts, filed November 4, 2004. The Harrington plaintiffs seek unspecified actual damages (trebled), declaratory judgment, injunctive relief, costs, and attorneys' fees. The suits assert various causes of action, including breach of contract, conversion, and unjust enrichment. The Company is vigorously defending the suits and believes them to be without merit.

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

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

No matters were submitted to a vote of the Company's security holders during the last quarter of its fiscal year ended December 31, 2004.

Executive Officers of the Registrant

The following information relates to the executive officers of AMR as of December 31, 2004 unless otherwise noted.

Gerard J. Arpey	Mr. Arpey was elected Chairman, President and Chief Executive Officer of AMR and American in May 2004. He was elected Chief Executive Officer of AMR and American in April 2003. He served as President and Chief Operating Officer of AMR and American from April 2002 to April 2003. He served as Executive Vice President – Operations of American from January 2000 to April 2002, Chief Financial Officer of AMR from 1995 through 2000 and Senior Vice President – Planning of American from 1992 to January 1995. Prior to that, he served in various management positions at American since 1982. Age 46.
Daniel P. Garton	Mr. Garton was elected Executive Vice President – Marketing of American in September 2002. He is also an Executive Vice President of AMR. He served as Executive Vice President – Customer Services of American from January 2000 to September 2002 and Senior Vice President – Customer Services of American from 1998 to January 2000. Prior to that, he served as President of AMR Eagle from 1995 to 1998. Except for two years service as Senior Vice President and Chief Financial Officer of Continental Airlines between 1993 and 1995, he has been with the Company in various management positions since 1984. Age 47.
James A. Beer	Mr. Beer became the Senior Vice President and Chief Financial Officer of AMR and American in January 2004. Prior to that, he served as a Vice President of American from 1998 to December 2003 and has served in various management positions of American since 1991. Age 44.
Gary F. Kennedy	Mr. Kennedy was elected Senior Vice President and General Counsel in January 2003. He is also the Corporation's Chief Compliance Officer. He served as Vice President – Corporate Real Estate of American from 1996 to January 2003. Prior to that, he served as an attorney and in various management positions at American since 1984. Age 49.
Charles D. MarLett	Mr. MarLett was elected Corporate Secretary in January 1988. He joined American as an attorney in June 1984. Age 50.

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

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

PART II

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

The Company's common stock is traded on the New York Stock Exchange (symbol AMR). The approximate number of record holders of the Company's common stock at February 18, 2005 was 17,041.

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

	2004		2003	
	High	Low	High	Low
Quarter Ended				
March 31	$ 17.38	$ 10.63	$ 6.95	$ 1.41
June 30	13.93	10.10	11.32	3.00
September 30	11.89	6.97	13.23	8.04
December 31	11.00	6.49	14.90	11.21

In March 2003, Standard and Poor's removed AMR's common stock from the S&P 500 index.

No cash dividends on common stock were declared for any period during 2004 or 2003.

ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA

(in millions, except per share amounts)

	2004 [1]	2003 [2]	2002 [2,3]	2001 [2,4]	2000
Total operating revenues	$ 18,645	$ 17,440	$ 17,420	$ 18,969	$ 19,703
Operating income (loss)	(144)	(844)	(3,330)	(2,470)	1,381
Income (loss) from continuing operations before cumulative effect of accounting change	(761)	(1,228)	(2,523)	(1,762)	770
Net earnings (loss)	(761)	(1,228)	(3,511)	(1,762)	813
Earnings (loss) per share from continuing operations before cumulative effect of accounting change:					
Basic	(4.74)	(7.76)	(16.22)	(11.43)	5.13
Diluted	(4.74)	(7.76)	(16.22)	(11.43)	4.76
Net earnings (loss) per share:					
Basic	(4.74)	(7.76)	(22.57)	(11.43)	5.43
Diluted	(4.74)	(7.76)	(22.57)	(11.43)	5.03
Total assets	28,773	29,330	30,267	32,841	26,213
Long-term debt, less current maturities	12,436	11,901	10,888	8,310	4,151
Obligations under capital leases, less current obligations	1,088	1,225	1,422	1,524	1,323
Obligation for pension and postretirement benefits	4,743	4,803	4,730	3,201	1,952
Stockholders' equity (deficit) [5]	(581)	46	957	5,373	7,176

1 Includes special charges. For a further discussion of these items, see Note 2 to the consolidated financial statements.

2 Includes special charges and U.S. government grant. For a further discussion of these items for fiscal years ended December 31, 2002 and 2003, see Note 2 to the consolidated financial statements.

3 Includes a one-time, non-cash charge, effective January 1, 2002, of $988 million, net of tax, to write-off all of AMR's goodwill. This charge resulted from the adoption of Statement of Financial Accounting Standards Board No. 142, "Goodwill and Other Intangible Assets" and is reflected as a cumulative effect of accounting change in the consolidated financial statements. For a further discussion of this item, see Note 11 to the consolidated financial statements.

4 On April 9, 2001, American (through TWA LLC) purchased substantially all of the assets and assumed certain liabilities of Trans World Airlines, Inc. Accordingly, the 2001 financial information above includes the operating results of TWA LLC since the date of acquisition.

5 As of December 31, 2002, the Company recorded an additional minimum pension liability adjustment resulting in an after tax charge to stockholders' equity (deficit) of approximately $1.0 billion. The Company recorded a reduction to the additional minimum pension liability resulting in a credit to stockholders equity (deficit) of approximately $337 million for the year ended December 31, 2003 and $129 million for the year ended December 31, 2004.

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

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

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

Forward-Looking Information

The discussions under Business, Properties and Legal Proceedings and the following discussions under Management's Discussion and Analysis of Financial Condition and Results of Operations and Quantitative and Qualitative Disclosures about Market Risk contain various forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which represent the Company's expectations or beliefs concerning future events. When used in this document and in documents incorporated herein by reference, the words "expects," "plans," "anticipates," "indicates," "believes," "forecast," "guidance," "outlook" and similar expressions are intended to identify forward-looking statements. Forward-looking statements include, without limitation, the Company's expectations concerning operations and financial conditions, including changes in capacity, revenues, and costs, future financing plans and needs, overall economic conditions, plans and objectives for future operations, and the impact on the Company of its results of operations in recent years and the sufficiency of its financial resources to absorb that impact. Other forward-looking statements include statements which do not relate solely to historical facts, such as, without limitation, statements which discuss the possible future effects of current known trends or uncertainties, or which indicate that the future effects of known trends or uncertainties cannot be predicted, guaranteed or assured. All forward-looking statements in this report are based upon information available to the Company on the date of this report. The Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise. The risk factors listed at the end of this Item 7 (see Risk Factors), in addition to other possible risk factors not listed, could cause the Company's actual results to differ materially from those expressed in forward-looking statements.

Overview

The Company has incurred very large operating and net losses during the past four years, as shown in the following table:

	Year ended December 31,			
(in millions)	2004	2003	2002	2001
Operating loss	$ (144)	$ (844)	$ (3,330)	$ (2,470)
Net loss	(761)	(1,228)	(3,511)	(1,762)

These losses reflect, among other things, a substantial decrease in the Company's revenues in 2001 and 2002. This revenue decrease was primarily driven by (i) a steep fall-off in the demand for air travel, particularly business travel, primarily caused by weakness in the U.S. economy, (ii) reduced pricing power, resulting mainly from greater cost sensitivity on the part of travelers (especially business travelers), increasing competition from LCCs and the continuing increase in pricing transparency resulting from the use of the Internet and (iii) the aftermath of the Terrorist Attacks, which accelerated and exacerbated the trend of decreased demand and reduced industry revenues. The Company believes that its reduced pricing power resulting from the factors listed in clause (ii) above will persist indefinitely and possibly permanently.

Passenger traffic rebounded in 2003 and 2004, reflecting a general improvement in the U.S. and several other economies served by the Company, the diminishing impact of the Terrorist Attacks on demand and lower fares. However, the Company's pricing power remained depressed in 2003 due to a continuation of the factors listed in clause (ii) of the preceding paragraph, and declined in 2004 due to significant increases in overall industry capacity that exceeded the growth in demand, and more frequent and more deeply discounted fare sales initiated by competitors, including competitors currently operating under the protection of Chapter 11 of the Bankruptcy Code.

The Company's 2004 operating and financial results were also adversely affected by the significant increases in the price of jet fuel. Fuel price increases during 2004 resulted in a year-over-year increase of 33.9 cents per gallon. This price increase negatively impacted fuel expense by $1.1 billion during the year. Continuing high fuel prices, additional increases in the price of fuel, and/or disruptions in the supply of fuel, would further adversely affect the Company's financial condition and its results of operations.

In response to the challenges faced by the Company, during the past four years the Company has implemented several restructuring and other initiatives:

- Following the Terrorist Attacks, the Company reduced its operating schedule by approximately 20 percent and reduced its workforce by approximately 20,000 jobs.

- In 2002, the Company announced a series of initiatives to reduce its annual costs by $2 billion. These initiatives are being implemented through 2005, and involve: (i) scheduling efficiencies, (ii) fleet simplification, (iii) streamlined customer interaction, (iv) distribution modifications, (v) in-flight product changes, (vi) operational changes and (vii) headquarters/administration efficiencies. As a result of these initiatives, the Company reduced an estimated 7,000 jobs by March 2003.

- In February 2003, American asked its employees for approximately $1.8 billion in annual savings through a combination of changes in wages, benefits and work rules. In April 2003, American reached agreements with its three unions and also implemented various changes in the pay plans and benefits for non-unionized personnel, including officers and other management. The Labor Agreements and Management Reductions resulted in $1.8 billion in annual savings including a workforce reduction of approximately 9,300 jobs. In addition, the Company and American reached concessionary agreements with certain vendors, lessors, lenders and suppliers, resulting in approximately $200 million in annual cost savings. Generally, under the terms of these Vendor Agreements, the Company or American received the benefit of lower rates and charges for certain goods and services, and more favorable rent and financing terms with respect to certain of its aircraft.

- Subsequent to the April 2003 Labor Agreements the Company announced the Turnaround Plan. The Turnaround Plan is the Company's strategic framework for returning to sustained profitability and emphasizes: (i) lower costs, (ii) an increased focus on what customers' truly value and are prepared to pay for, (iii) increased union and employee involvement in the operation of the Company and (iv) the need for a more sound balance sheet/financial structure.

- In the latter part of 2003 and throughout 2004, the Company continued to work – under the basic tenets of the Turnaround Plan – with its unions and employees to identify and implement additional initiatives designed to increase efficiencies and revenues and reduce costs. These initiatives included: (i) the return of under-used gate space and the consolidation of the Company's terminal space, (ii) the de-peaking of its hub at Miami, the reduction in the size of its St. Louis hub and the simplification of its domestic operations, (iii) the acceleration of the retirement of certain aircraft and the cancellation or deferral of aircraft deliveries, (iv) the improvement of aircraft utilization across its fleet and an increase in seating density on certain fleet types, (v) the sale of certain non-core assets, (vi) the expansion of its international network, where the Company believes that higher revenue generating opportunities currently exist, (vii) the implementation of an on-board food purchase program and new fees for ticketing services and (viii) numerous other initiatives.

- As part of its effort to build greater employee involvement, the Company has worked to make its labor unions and its employees, its business partners on the need for continuous improvement under the Turnaround Plan. Among other things, the senior management of the Company meets regularly with union officials to discuss the Company's financial results as well as the competitive landscape. These discussions include: (i) the Company's cost reduction and revenue enhancement initiatives and (ii) a review of initiatives, in-place or contemplated, at other airlines and the impact of those initiatives on the Company's competitive posture.

The Company's ability to become profitable and its ability to continue to fund its obligations on an ongoing basis will depend on a number of factors, some of which are largely beyond the Company's control. Some of the risk factors that affect the Company's business and financial results are discussed in the Risk Factors found at the end of this Item 7. As the Company seeks to improve its financial condition, it must continue to take steps to generate additional revenues and significantly reduce its costs. Although the Company has a number of initiatives underway to address the cost and revenue challenges, the ultimate success of these initiatives is not known at this time and cannot be assured. It will be very difficult, absent continued restructuring of its operations, for the Company to continue to fund its obligations on an ongoing basis or to become profitable if the overall industry revenue environment does not improve and fuel prices remain at historically high levels for an extended period.

LIQUIDITY AND CAPITAL RESOURCES

Cash, Short-Term Investments, Restricted Assets and Deposits

At December 31, 2004, the Company had $2.9 billion in unrestricted cash and short-term investments and $478 million in restricted cash and short-term investments.

Significant Indebtedness and Future Financing

During 2002, 2003 and 2004, in addition to refinancing its $834 million credit facility (see discussion in Note 6 to the consolidated financial statements), the Company raised an aggregate of approximately $6.0 billion of financing, mostly to fund capital commitments (mainly for aircraft and ground properties) and operating losses. As of the date of this Form 10-K, the Company believes that it should have sufficient liquidity to fund its operations for the foreseeable future, including repayment of debt and capital leases, capital expenditures and other contractual obligations. However, to maintain sufficient liquidity as the Company continues to implement its restructuring and cost reduction initiatives, and because the Company has significant debt obligations maturing in the next several years, as well as substantial pension funding obligations, the Company will need access to additional funding. The Company's possible financing sources primarily include: (i) a limited amount of additional secured aircraft debt (a very large majority of the Company's owned aircraft, including virtually all of the Company's Section 1110-eligible aircraft, are encumbered) or sale-leaseback transactions involving owned aircraft, (ii) debt secured by new aircraft deliveries, (iii) debt secured by other assets, (iv) securitization of future operating receipts, (v) the sale or monetization of certain assets, (vi) unsecured debt and (vii) equity and/or equity-like securities. However, the availability and level of these financing sources cannot be assured, particularly in light of the Company's and American's reduced credit ratings, high fuel prices, historically weak revenues and the financial difficulties being experienced in the airline industry. The inability of the Company to obtain additional funding would have a material negative impact on the ability of the Company to sustain its operations over the long-term.

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

Credit Ratings

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

Credit Facility Covenants

On December 17, 2004, American refinanced its $834 million bank credit facility, which was scheduled to mature in December 2005. The total amount of the new credit facility is $850 million, all of which has been borrowed by American. The new credit facility consists of a $600 million senior secured revolving credit facility, with a final maturity on June 17, 2009, and a $250 million term loan facility, with a final maturity on December 17, 2010 (the Revolving Facility and the Term Loan Facility, respectively, and collectively, the Credit Facility). American's obligations under the Credit Facility are guaranteed by AMR.

The Credit Facility contains a covenant requiring American to maintain, as defined, unrestricted cash, unencumbered short term investments and amounts available for drawing under committed revolving credit facilities of not less than $1.5 billion for each quarterly period through September 30, 2005 and $1.25 billion for each quarterly period thereafter. In addition, the Credit Facility contains a covenant requiring AMR to maintain a ratio of cash flow (defined as consolidated net income, before interest expense (less capitalized interest), income taxes, depreciation and amortization and rentals, adjusted for certain gains or losses and non-cash items) to fixed charges (comprising interest expense (less capitalized interest) and rentals) of at least the amount specified below for each period of four consecutive quarters ending on the dates set forth below:

Four Quarter Period Ending	Cash Flow Coverage Ratio
December 31, 2004	0.90:1.00
March 31, 2005	0.85:1.00
June 30, 2005	0.85:1.00
September 30, 2005	0.90:1.00
December 31, 2005	1.10:1.00
March 31, 2006	1.20:1.00
June 30, 2006	1.25:1.00
September 30, 2006	1.30:1.00
December 31, 2006	1.30:1.00
March 31, 2007	1.35:1.00
June 30, 2007	1.40:1.00
September 30, 2007	1.40:1.00
December 31, 2007	1.40:1.00
March 31, 2008 (and each fiscal quarter thereafter)	1.50:1.00

American and AMR were in compliance with these covenants as of December 31, 2004 and expect to be able to continue to comply with these covenants, but there are no assurances that they will be able to do so through the expiration of the facility. Failure to comply with these covenants would result in a default under the Credit Facility which — if the Company did not take steps to obtain a waiver of, or otherwise mitigate, the default — could result in a default under a significant amount of the Company's other debt.

See Note 6 to the consolidated financial statements for more information regarding the Credit Facility.

Financing Activity

The Company, or its subsidiaries, issued the following debt during the year ended December 31, 2004 (in millions):

7.25% secured notes due 2009	$ 180
4.50% senior convertible notes due 2024 (net of discount)	319
Credit facility *	850
Various debt agreements related to the purchase of regional jet aircraft (effective interest rates ranging up to 5.35%) (various maturities through 2021) (net of discount)	646
	$ 1,995

* In December 2004, American refinanced its $834 million bank credit facility with the $850 million Credit Facility listed above.

See Note 6 to the consolidated financial statements for additional information regarding the debt issuances listed above.

Other Operating and Investing Activities

The Company's cash flow from operating activities improved in 2004. Net cash provided by operating activities during the year ended December 31, 2004 was $717 million, an increase of $116 million over 2003. Net cash provided by operating activities in 2003 included the receipt of a $572 million federal income tax refund and the receipt of $358 million from the U.S. government under the Emergency Wartime Supplemental Appropriations Act (the Appropriations Act), offset by $521 million of redemption payments under operating leases for special facility revenue bonds. The Company does not expect to receive significant additional federal income tax refunds.

Capital expenditures during 2004 were $1.0 billion and included the acquisition of 36 Embraer 145 and six Bombardier CRJ-700 aircraft.

During 2003, the Company sold its interests in Worldspan, a computer reservations company, and Hotwire, a discount travel website. The Company received $180 million in cash and a $39 million promissory note for its interest in Worldspan. It received $84 million in cash, $80 million of which was recognized as a gain, for its interest in Hotwire. In addition, during 2003, the Company sold a portion of its interest in Orbitz, a travel planning website, in connection with an Orbitz initial public offering and a secondary offering resulting in total proceeds of $65 million, and a gain of $70 million.

During 2004, the Company sold its remaining interest in Orbitz resulting in total proceeds of $185 million and a gain of $146 million.

Working Capital

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

Off Balance Sheet Arrangements

American has determined that it holds a significant variable interest in, but is not the primary beneficiary of, certain trusts that are the lessors under 87 of its aircraft operating leases. These leases contain a fixed price purchase option, which allows American to purchase the aircraft at a predetermined price on a specified date. However, American does not guarantee the residual value of the aircraft. As of December 31, 2004, future lease payments required under these leases totaled $2.9 billion.

Special facility revenue bonds have been issued by certain municipalities primarily to purchase equipment and improve airport facilities that are leased by American and accounted for as operating leases. Approximately $1.7 billion of these bonds (with total future payments of approximately $4.6 billion as of December 31, 2004) are guaranteed by American, AMR, or both. Approximately $532 million of these special facility revenue bonds contain mandatory tender provisions that require American to make operating lease payments sufficient to repurchase the bonds at various times: $104 million in 2005, $28 million in 2006, $100 million in 2007, $188 million in 2008 and $112 million in 2014. Although American has the right to remarket the bonds, there can be no assurance that these bonds will be successfully remarketed. Any payments to redeem or purchase bonds that are not remarketed would generally reduce existing rent leveling accruals or be considered prepaid facility rentals and would reduce future operating lease commitments. Approximately $112 million of special facility revenue bonds with mandatory tender provisions were successfully remarketed in 2004.

In addition, the Company has other operating leases, primarily for aircraft, with total future lease payments of $4.9 billion as of December 31, 2004. Entering into aircraft leases allows the Company to obtain aircraft without immediate cash outflows.

As discussed in Note 5 to the consolidated financial statements, the Company reached concessionary agreements with certain lessors in 2003. Certain of the Vendor Agreements provide that the Company's obligations under the related lease revert to the original terms if certain events (Events) occur prior to December 31, 2005, including: (i) an event of default under the related lease (which generally occurs only if a payment default occurs), (ii) an event of loss with respect to the related aircraft, (iii) rejection by the Company of the lease under the provisions of Chapter 11 of the U.S. Bankruptcy Code or (iv) the Company's filing for bankruptcy under Chapter 7 of the U.S. Bankruptcy Code. If any one of these Events were to occur, the Company would be responsible for approximately $72 million in additional operating lease payments and $59 million in additional payments related to capital leases as of December 31, 2004. This amount will increase to approximately $119 million in operating lease payments and $111 million in payments related to capital leases prior to the expiration of the provision on December 31, 2005. These amounts are being accounted for as contingent rentals and will only be recognized if they become payable.

Contractual Obligations

The following table summarizes the Company's obligations and commitments as of December 31, 2004 (in millions):

	Payments Due by Year(s) Ended December 31,				
Contractual Obligations	Total	2005	2006 Through 2007	2008 Through 2009	2010 and Beyond
Operating lease payments for aircraft and facility obligations [1]	$ 12,422	$ 1,092	$ 2,018	$ 1,778	$ 7,534
Firm aircraft commitments [2]	3,450	345	101	—	3,004
Capacity purchase agreements [3]	329	96	141	92	—
Long-term debt [4]	13,095	659	2,470	2,272	7,694
Capital lease obligations	2,056	258	448	400	950
Other purchase obligations [5]	1,973	440	595	326	612
Other long-term liabilities [6,7]	2,103	193	382	409	1,119
Total obligations and commitments	$ 35,428	$ 3,083	$ 6,155	$ 5,277	$ 20,913

1 Certain special facility revenue bonds issued by municipalities — which are supported by operating leases executed by American — are guaranteed by AMR and/or American. The special facility revenue bonds with mandatory tender provisions discussed above are included in this table under their ultimate maturity date rather than their mandatory tender provision date. See Note 5 to the consolidated financial statements for additional information.

2 As of December 31, 2004, the Company had commitments to acquire: 20 Embraer regional jets in 2005; two Boeing 777-200ERs in 2006; and an aggregate of 47 Boeing 737-800s and seven Boeing 777-200ERs in 2013 through 2016. The Company has pre-arranged financing or backstop financing for all of its aircraft deliveries in 2005 and 2006.

3 The table reflects minimum required payments under capacity purchase contracts between American and two regional airlines, Chautauqua Airlines, Inc. (Chautauqua) and Trans States Airlines Inc. However, based on expected utilization, the Company expects to make payments of $174 million in 2005, $177 million in 2006, $179 million in 2007, $181 million in 2008, $184 million in 2009 and $721 million in 2010 and beyond. In addition, if the Company terminates its contract with Chautauqua without cause, Chautauqua has the right to put its 15 Embraer aircraft to the Company. If this were to happen, the Company would take possession of the aircraft and become liable for lease obligations totaling approximately $21 million per year with lease expirations in 2018 and 2019. These lease obligations are not included in the table above. See Note 4 to the consolidated financial statements for additional information.

4 Excludes related interest amounts.

5 Includes noncancelable commitments to purchase goods or services, primarily construction related costs at the John F. Kennedy International Airport and information technology related support. The Company has made estimates as to the timing of certain payments primarily for construction related costs. The actual timing of payments may vary from these estimates. Substantially all of the Company's purchase orders issued for other purchases in the ordinary course of business contain a 30-day cancellation clause that allows the Company to cancel an order with 30 days notice.

6 Includes expected other postretirement benefit payments through 2014.

7 Excludes a $2.4 billion accident liability, related to the Terrorist Attacks and flight 587, recorded in Other liabilities and deferred credits, as discussed in Note 2 to the consolidated financial statements. This liability is offset in its entirety by a receivable, recorded in Other assets, which the Company expects to receive from insurance carriers as claims are resolved.

In addition to the commitments summarized above, the Company is required to make contributions to its defined benefit pension plans. These contributions are required under the minimum funding requirements of the Employee Retirement Income Security Act (ERISA). The Company's estimated 2005 contributions to its defined benefit pension plans are approximately $310 million. This estimate reflects the provisions of the Pension Funding Equity Act of 2004. (The effect of the Pension Funding Equity Act was to defer a portion of the minimum required contributions that would have been due for the 2004 and 2005 plan years.) Due to uncertainties regarding significant assumptions involved in estimating future required contributions to its defined benefit pension plans, such as interest rate levels, the amount and timing of asset returns, and the impact of proposed legislation, the Company is not able to reasonably estimate its future required contributions beyond 2005. However, based on the current regulatory environment and market conditions, the Company expects that its 2006 minimum required contributions will exceed its 2005 expected contributions.

Results of Operations

AMR's net loss in 2004 was $761 million, or $4.74 per share, an improvement of $467 million over AMR's net loss in 2003 of $1.2 billion, or $7.76 per share. The year-over-year improvement in the Company's 2004 operating results reflects the benefit of the cost reduction initiatives in the Company's restructuring program, which is described above, dampened by the weak revenue environment and the increase in fuel costs. The Company's 2004 results include a $146 million gain on the sale of the Company's remaining investment in Orbitz and $11 million in special charges. The Company's 2003 results include several special items which are discussed in detail in the notes to the consolidated financial statements, including (i) $358 million in security cost reimbursements received under the Appropriations Act (see Note 2 to the consolidated financial statements), (ii) $407 million in special charges (see Note 2 to the consolidated financial statements), (iii) $150 million in gains on the sale of the Company's investments in Hotwire and Orbitz (see Note 3 to the consolidated financial statements) and (iv) a $164 million reduction in previously accrued federal income taxes and related interest. In addition, the Company did not record a tax benefit associated with its 2004 or 2003 losses.

Revenues

2004 Compared to 2003 The Company's revenues increased approximately $1.2 billion, or 6.9 percent, to $18.6 billion. American's passenger revenues increased by 4.8 percent, or $689 million, on a capacity (available seat mile) (ASM) increase of 5.3 percent. American's passenger load factor increased 2.0 points to 74.8 percent while passenger revenue yield per passenger mile decreased by 3.1 percent to 11.54 cents. This resulted in a decrease in passenger revenue per available seat mile (RASM) of 0.5 percent to 8.63 cents. In 2004, American derived approximately 66 percent of its passenger revenues from domestic operations and approximately 34 percent from international operations. Following is additional information regarding American's domestic and international RASM and capacity:

	Year Ended December 31, 2004			
	RASM (cents)	Y-O-Y Change	ASMs (billions)	Y-O-Y Change
Domestic	8.47	(2.1)%	118	1.1%
International	8.97	2.8	56	15.4
Latin America	8.78	(3.3)	28	18.6
Europe	9.25	8.4	23	9.1
Pacific	8.79	14.9	5	27.7

The Company's Regional Affiliates include two wholly owned subsidiaries, American Eagle Airlines, Inc. and Executive Airlines, Inc. (collectively, AMR Eagle), and two independent carriers with which American has capacity purchase agreements, Trans States Airlines, Inc. (Trans States) and Chautauqua Airlines, Inc. (Chautauqua).

Regional Affiliates' passenger revenues, which are based on industry standard proration agreements for flights connecting to American flights, increased $357 million, or 23.5 percent, to $1.9 billion as a result of increased capacity and load factors. Regional Affiliates' traffic increased 32.0 percent to 7.3 billion revenue passenger miles (RPMs), while capacity increased 26.0 percent to 10.8 billion ASMs, resulting in a 3.0 point increase in passenger load factor to 67.2 percent.

Cargo revenues increased 12.0 percent, or $67 million, primarily due to a 10.2 percent increase in cargo ton miles.

2003 Compared to 2002 The Company's revenues were relatively flat year-over-year, increasing approximately $20 million, or 0.1 percent, to $17.4 billion. During the first four months of 2003, yields (passenger revenue per available seat mile) and load factors were down year-over-year, due to the impact of the war in Iraq and SARS. In the latter part of the year, both yields and load factors improved year-over-year, as the impact of the war in Iraq and SARS faded, and the U.S. economy began recovering. However, even with those improvements, the Company's unit revenues and yield remained depressed relative to historical measures.

For the full year, American's passenger revenues decreased by 0.7 percent, or $108 million, to $14.3 billion, on a capacity decrease of 4.1 percent to 165 billion ASMs. American's passenger load factor increased 2.1 points to 72.8 percent and passenger revenue yield per passenger mile increased by 0.4 percent, or 0.05 cents, to 11.91 cents, driving American's RASM up by 3.3 percent, or 0.28 cents, to 8.67 cents. In 2003, American derived approximately 70 percent of its passenger revenues from domestic operations and approximately 30 percent from international operations. Following is additional information regarding American's domestic and international RASM and capacity:

	Year Ended December 31, 2003			
	RASM (cents)	Y-O-Y Change	ASMs (billions)	Y-O-Y Change
Domestic	8.65	4.8%	116	(6.6)%
International	8.72	0.0	49	2.7
Latin America	9.08	(0.1)	24	2.0
Europe	8.53	1.6	21	3.0
Pacific	7.66	(6.8)	4	5.3

In 2003, American had capacity purchase agreements with Chautauqua and Trans States for the full year. In 2002, American had a capacity purchase agreement with Chautauqua for the full year and a capacity purchase agreement with Trans States beginning in November 2002.

Regional Affiliates' passenger revenues increased $88 million, or 6.1 percent, to $1.5 billion as a result of increased capacity and load factors. Regional Affiliates' traffic increased 20.5 percent, or 940 million RPMs, to 5.5 billion RPMs, while capacity increased 18.6 percent, or 1.3 billion ASMs, to 8.6 billion ASMs. This is somewhat offset by the elimination, in 2003, of a fee, paid to AMR Eagle by American, for passengers connecting to American flights.

Operating Expenses

2004 Compared to 2003 The Company's total operating expenses increased 2.8 percent, or $505 million, to $18.8 billion in 2004 compared to 2003. American's mainline operating expenses per ASM in 2004 decreased 4.1 percent compared to 2003 to 9.73 cents. This decrease in operating expenses per ASM is due primarily to the American's cost savings initiatives and occurred despite the benefit in 2003 of the receipt of a grant from the U.S. government and a 38.5 percent increase in American's price per gallon of fuel (net of the impact of fuel hedging) in 2004 relative to 2003.

(in millions) Operating Expenses	Year ended December 31, 2004	Change from 2003	Percentage Change	
Wages, salaries and benefits	$ 6,719	$ (545)	(7.5)%	(a)
Aircraft fuel	3,969	1,197	43.2	(b)
Depreciation and amortization	1,292	(85)	(6.2)	
Other rentals and landing fees	1,187	14	1.2	
Commissions, booking fees and credit card expense	1,107	44	4.1	
Maintenance, materials and repairs	971	111	12.9	(c)
Aircraft rentals	609	(78)	(11.4)	(d)
Food service	558	(53)	(8.7)	
Other operating expenses	2,366	(62)	(2.6)	
Special charges	11	(396)	(97.3)	(e)
U.S. government grant	—	358	NM	(f)
Total operating expenses	$ 18,789	$ 505	2.8%	

(a) Wages, salaries and benefits decreased due to lower wage rates and reduced headcount primarily as a result of the Labor Agreements and Management Reductions, discussed in the Company's 2003 Form 10-K, which became effective in the second quarter of 2003. This decrease was offset to some degree by increased headcount related to capacity increases.

(b) Aircraft fuel expense increased due to a 38.7 percent increase in the Company's price per gallon of fuel (net of the impact of fuel hedging) and a 3.3 percent increase in the Company's fuel consumption.

(c) Maintenance, materials and repairs increased primarily due to increased aircraft utilization, the benefit from retiring aircraft subsiding and increases in contractual rates in certain flight hour agreements for outsourced aircraft engine maintenance.

(d) Aircraft rentals decreased primarily due to the removal of leased aircraft from the fleet in the second half of 2003 as part of the Company's restructuring initiatives and concessionary agreements with certain lessors, which reduced future lease payment amounts and resulted in the conversion of 30 operating leases to capital leases in the second quarter of 2003.

(e) Special charges for 2004 included (i) the reversal of reserves previously established for aircraft return costs of $20 million, facility exit costs of $21 million and employee severance of $11 million, (ii) $21 million in aircraft charges and (iii) $42 million in employee charges. Special charges for 2003 are described on the following page. See a further discussion of Special charges in Note 2 to the consolidated financial statements.

(f) U.S. government grant for 2003 reflects the reimbursement of security service fees from the U.S. government under the Appropriations Act.

Effective January 1, 2005, in order to more accurately reflect the expected useful life of its aircraft, the Company changed its estimate of the depreciable lives of certain American aircraft types from 25 to 30 years. The Company expects this change in estimate to result in a decrease in annual depreciation expense of approximately $100 million in 2005.

2003 Compared to 2002 The Company's operating expenses decreased 11.9 percent, or $2.5 billion, to $18.3 billion and American's mainline operating expenses per ASM decreased 8.9 percent to 10.15 cents, including the impact of special charges and the U.S. government grant. The decrease in operating expenses and operating expenses per ASM is largely due to the Company's cost savings initiatives coupled with security cost reimbursements from the U.S. government and a decrease in special charges.

(in millions) Operating Expenses	Year ended December 31, 2003	Change from 2002	Percentage Change	
Wages, salaries and benefits	$ 7,264	$ (1,128)	(13.4)%	(a)
Aircraft fuel	2,772	210	8.2	(b)
Depreciation and amortization	1,377	11	0.8	
Other rentals and landing fees	1,173	(25)	(2.1)	
Commissions, booking fees and credit card expense	1,063	(100)	(8.6)	(c)
Maintenance, materials and repairs	860	(248)	(22.4)	(d)
Aircraft rentals	687	(153)	(18.2)	(e)
Food service	611	(87)	(12.5)	(f)
Other operating expenses	2,428	(287)	(10.6)	(g)
Special charges	407	(311)	(43.3)	(h)
U.S. government grant	(358)	(348)	NM	(i)
Total operating expenses	$ 18,284	$ (2,466)	(11.9)%	

(a) Wages, salaries and benefits decreased due to lower wage rates and reduced headcount primarily as a result of the Labor Agreements and Management Reductions, effective in the second quarter of 2003.

(b) Aircraft fuel expense increased due to a 15.1 percent increase in the Company's price per gallon of fuel (net of the impact of fuel hedging), somewhat offset by a 5.5 percent decrease in the Company's fuel consumption.

(c) Commissions, booking fees and credit card expense decreased due primarily to commission structure changes implemented in March 2002.

(d) Maintenance, materials and repairs decreased due primarily to a decrease in airframe and engine volumes at the Company's maintenance bases resulting from a variety of factors, including the retirement and temporary grounding of aircraft and a decrease in the numbers of flights.

(e) Aircraft rentals decreased due primarily to the removal of leased aircraft from the fleet in prior periods as part of the Company's restructuring initiatives and concessionary agreements with certain lessors, which reduced future lease payment amounts and resulted in the conversion of 30 operating leases to capital leases.

(f) Food service decreased due primarily to a decrease in the number of departures and passengers boarded and simplification of catering services.

(g) Other operating expenses decreased primarily due to decreases in (i) data processing expenses of $87 million due primarily to introducing further efficiencies into data processing environments resulting in reduced consumption, and negotiating more favorable terms with vendors; (ii) travel and incidental costs of $61 million due primarily to decreased overnight stays for pilots and flight attendants as a result of changes in the scheduling of flights, lower average hotel rates, work rule changes and lower per diems; (iii) insurance costs of $44 million due primarily to lower premiums, (iv) security costs of $31 million due primarily to the assumption of certain security services by the Transportation Security Administration (TSA) and the suspension of security services payments to the TSA from June 1, 2003 to September 30, 2003 and (v) contract maintenance work that American performs for other airlines of $29 million.

(h) Special charges for 2003 included approximately (i) $341 million in aircraft charges offset by a $20 million credit to adjust prior accruals, (ii) $92 million in employee charges, (iii) $62 million in facility exit costs and a (iv) $68 million gain resulting from a transaction involving 33 of the Company's Fokker 100 aircraft and related debt. Special charges for 2002 included approximately (i) $658 million related to aircraft charges, (ii) $57 million in employee charges and (iii) $3 million in facility charges. See a further discussion of Special charges in Note 2 to the consolidated financial statements.

(i) U.S. government grant includes a $358 million benefit recognized for the reimbursement of security service fees from the U.S. government under the Appropriations Act in 2003. See a further discussion of U.S. government grant in Note 2 to the consolidated financial statements.

Other Income (Expense)

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

2004 Compared to 2003 Interest income increased $11 million, or 20.0 percent, to $66 million due primarily to increases in short-term investment balances and interest rates. Interest expense increased $168 million, or 23.9 percent, to $871 million resulting primarily from the increase in the Company's long-term debt coupled with increases in interest rates, and an $84 million reduction in interest expense in 2003 related to the agreement reached with the IRS discussed below. Miscellaneous-net for 2004 includes a $146 million gain on the sale of the Company's remaining interest in Orbitz.

2003 Compared to 2002 Interest income decreased $16 million, or 22.5 percent, to $55 million due primarily to decreases in interest rates. Interest expense increased $18 million, or 2.6 percent, to $703 million resulting primarily from the increase in the Company's long-term debt, offset by an $84 million reduction in interest expense related to the agreement reached with the IRS discussed below. Interest capitalized decreased $15 million, or 17.4 percent, to $71 million due primarily to a decrease in purchase deposits for flight equipment. Miscellaneous-net increased $115 million to $113 million, due primarily to an $80 million gain on the sale of the Company's investment in Hotwire and a $70 million gain related to an initial public offering by Orbitz, offset by the write-down of certain investments held by the Company during the first quarter of 2003.

Income Tax Benefit

2004 The Company did not record a net tax benefit associated with its 2004 losses due to the Company providing a valuation allowance, as discussed in Note 8 to the consolidated financial statements.

2003 The Company did not record a net tax benefit associated with its 2003 losses due to the Company providing a valuation allowance. Additionally, in 2003, the Company reached an agreement with the IRS covering tax years 1990 through 1995. As a result of this agreement, the Company recorded an $80 million tax benefit to reduce previously accrued income tax liabilities and an $84 million reduction in interest expense to reduce previously accrued interest related to the accrued income tax liabilities.

Operating Statistics

The following table provides statistical information for American and Regional Affiliates for the years ended December 31, 2004, 2003 and 2002.

	Year Ended December 31,		
	2004	2003	2002
American Airlines, Inc. Mainline Jet Operations			
Revenue passenger miles (millions)	130,164	120,328	121,747
Available seat miles (millions)	174,015	165,209	172,200
Cargo ton miles (millions)	2,203	2,000	2,007
Passenger load factor	74.8%	72.8%	70.7%
Passenger revenue yield per passenger mile (cents)	11.54	11.91	11.86
Passenger revenue per available seat mile (cents)	8.63	8.67	8.39
Cargo revenue yield per ton mile (cents)	28.36	27.87	27.73
Operating expenses per available seat mile, excluding Regional Affiliates (cents) (*)	9.73	10.15	11.14
Fuel consumption (gallons, in millions)	3,014	2,956	3,163
Fuel price per gallon (cents)	121.2	87.5	76.0
Operating aircraft at year-end	727	770	819
Regional Affiliates			
Revenue passenger miles (millions)	7,283	5,516	4,576
Available seat miles (millions)	10,835	8,597	7,248
Passenger load factor			
	67.2%	64.2%	63.2%

(*) Excludes $2,104 million, $1,757 million and $129 million of expense incurred related to Regional Affiliates in 2004, 2003 and 2002, respectively. In 2004 and 2003, this expense related to capacity purchase agreements with AMR Eagle, Trans States and Chautauqua for the full year. In 2002, this expense related to capacity purchase agreements with Chautauqua for the full year and Trans States beginning in November 2002.

Outlook

The Company expects to incur a loss in the first quarter of 2005. However, the size of the loss is uncertain due to external factors beyond the Company's control such as fuel prices and the revenue environment. The Company currently expects first quarter mainline unit costs to be approximately 9.9 cents.

Capacity for American's mainline jet operations is expected to be essentially flat in the first quarter of 2005 compared to the first quarter of 2004 with domestic capacity decreasing about four percent and international capacity increasing about twelve percent. Capacity for American's mainline jet operations is expected to increase about 2.6 percent for the full year 2005 compared to the full year 2004, with domestic capacity decreasing about one percent and international capacity increasing about eleven percent.

Other Information

Environmental Matters Subsidiaries of AMR have been notified of potential liability with regard to several environmental cleanup sites and certain airport locations. At sites where remedial litigation has commenced, potential liability is joint and several. AMR's alleged volumetric contributions at all but one of these sites are minimal compared to others. AMR does not expect these matters, individually or collectively, to have a material impact on its results of operations, financial position or liquidity. Additional information is included in Part C of Item 1 and Note 4 to the consolidated financial statements.

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

Long-lived assets – The Company has approximately $20 billion of long-lived assets as of December 31, 2004, including approximately $19 billion related to flight equipment and other fixed assets. In addition to the original cost of these assets, their recorded value is impacted by a number of policy elections made by the Company, including estimated useful lives and salvage values. In accordance with Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" (SFAS 144), the Company records impairment charges on long-lived assets used in operations when events and circumstances indicate that the assets may be impaired, the undiscounted cash flows estimated to be generated by those assets are less than the carrying amount of those assets and the net book value of the assets exceeds their estimated fair value. In making these determinations, the Company uses certain assumptions, including, but not limited to: (i) estimated fair value of the assets and (ii) estimated future cash flows expected to be generated by these assets, which are based on additional assumptions such as asset utilization, length of service and estimated salvage values. A change in the Company's fleet plan has been the primary indicator that has resulted in an impairment charge. The Company recorded impairment charges related to its Fokker 100, Saab 340 and ATR 42 aircraft in 2002. In 2003, the Company recorded an impairment charge related to its Airbus A300 aircraft as a result of accelerating the planned retirement of this fleet. See Notes 1 and 2 to the consolidated financial statements for additional information with respect to these charges and each of the policies and assumptions used by the Company which affect the recorded values of long-lived assets.

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

Frequent flyer program – American uses the incremental cost method to account for the portion of its frequent flyer liability incurred when AAdvantage members earn mileage credits by flying on American or American Eagle. American's frequent flyer liability is accrued each time a member accumulates sufficient mileage in his or her account to claim the lowest level of free travel award (25,000 miles) and the award is expected to be used for free travel. American includes fuel, food, and reservations/ticketing costs in the calculation of incremental cost. These estimates are generally updated based upon the Company's 12-month historical average of such costs. American also accrues a frequent flyer liability for the mileage credits that are expected to be used for travel on participating airlines based on historical usage patterns and contractual rates.

Revenue earned from selling AAdvantage miles to other companies is recognized in two components. The first component represents the revenue for air transportation sold and is valued at current market rates. This revenue is deferred and recognized over the period the mileage is expected to be used, which is currently estimated to be 28 months. The second revenue component, representing the marketing products sold and administrative costs associated with operating the AAdvantage program, is recognized immediately.

At December 31, 2004 and 2003, American estimated that approximately ten million free travel awards were expected to be redeemed for free travel on American and American Eagle. In making the estimate of free travel awards, American has excluded mileage in inactive accounts, mileage related to accounts that have not yet reached the lowest level of free travel award, and mileage in active accounts that have reached the lowest level of free travel award but which are not expected to ever be redeemed for free travel on American or participating airlines. The Company's total liability for future AAdvantage award redemptions for free, discounted or upgraded travel on American, American Eagle or participating airlines as well as unrecognized revenue from selling AAdvantage miles to other companies was approximately $1.4 billion and $1.2 billion (and is recorded as a component of Air traffic liability in the consolidated balance sheets), representing 19.6 percent and 18.8 percent of AMR's total current liabilities, at December 31, 2004 and 2003, respectively.

The number of free travel awards used for travel on American and American Eagle in 2004 and 2003 was 2.6 million and 2.5 million, respectively, representing approximately 7.5 percent and 7.8 percent of passengers boarded, respectively. The Company believes displacement of revenue passengers is minimal given the Company's load factors, its ability to manage frequent flyer seat inventory, and the relatively low ratio of free award usage to total passengers boarded.

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

Pensions and other postretirement benefits – The Company's pension and other postretirement benefit costs and liabilities are calculated using various actuarial assumptions and methodologies. The Company uses certain assumptions including, but not limited to, the selection of the: (i) discount rate, (ii) expected return on plan assets, and (iii) expected health care cost trend rate.

These assumptions as of December 31 were:

	2004	2003
Discount rate	6.00%	6.25%
Expected return on plan assets	9.00%	9.00%
Expected health care cost trend rate:		
Pre-65 individuals		
Initial	4.5%	5.0%
Ultimate	4.5%	4.5%
Post-65 individuals		
Initial	10.0%	11.0%
Ultimate (2010)	4.5%	4.5%

The Company's discount rate is determined based upon the review of high quality corporate bond rates, the change in these rates during the year, and year-end rate levels. Lowering the discount rate by 0.5 percent as of December 31, 2004 would increase the Company's pension and postretirement benefits liability by approximately $623 million and $176 million, respectively, and increase estimated 2005 pension and postretirement benefits expense by $68 million and $10 million, respectively.

The expected return on plan assets is based upon an evaluation of the Company's historical trends and experience taking into account current and expected market conditions. The expected return on plan assets component of the Company's net periodic benefit cost is calculated based on the fair value of plan assets and the Company's target asset allocation of 40 percent longer duration corporate bonds, 25 percent U.S. value stocks, 20 percent developed international stocks, five percent emerging markets stocks and bonds and ten percent alternative (private) investments. The Company monitors its actual asset allocation and believes that its long-term asset allocation will continue to approximate its target allocation. The Company's historical annualized ten-year rate of return on plan assets, calculated using a geometric compounding of monthly returns, is approximately 13.3 percent as of December 31, 2004. Lowering the expected long-term rate of return on plan assets by 0.5 percent as of December 31, 2004 would increase estimated 2005 pension expense by approximately $36 million.

The health care cost trend rate is based upon an evaluation of the Company's historical trends and experience taking into account current and expected market conditions. Increasing the assumed health care cost trend rate by 1.0 percent would increase estimated 2005 postretirement benefits expense by $40 million.

The Company has pension and postretirement benefit unrecognized net actuarial losses as of December 31, 2004, of approximately $1.7 billion and $311 million, respectively. The unrecognized net actuarial losses represent changes in the amount of the projected benefit obligation, the postretirement accumulated benefit obligation and plan assets resulting from (i) changes in assumptions and (ii) actual experience differing from assumptions. The amortization of unrecognized net actuarial loss component of the Company's 2005 pension and postretirement benefit net periodic benefit costs are expected to be approximately $52 million and $2 million, respectively. The Company's total 2005 defined benefit pension expense and postretirement expense is currently estimated to be approximately $380 million and $250 million.

The Company records an additional minimum pension liability when its accumulated benefit obligation exceeds the pension plans' assets in excess of amounts previously accrued for pension costs. As of December 31, 2004, the Company's additional minimum pension liability was $1.0 billion, down from $1.1 billion as of December 31, 2003, primarily as a result of significantly improved asset performance. The decrease in the Company's minimum pension liability resulted in a 2004 credit to equity of approximately $129 million. An additional minimum pension liability is recorded as an increase to the pension liability, an increase to other assets (to the extent that a plan has unrecognized prior service costs) and a charge to stockholders' equity (deficit) as a component of Accumulated other comprehensive loss. See Note 10 to the consolidated financial statements for additional information regarding the Company's pension and other postretirement benefits.

Income taxes – The Company accounts for income taxes in accordance with Financial Accounting Standards No. 109, "Accounting for Income Taxes". Accordingly, the Company records a deferred tax asset valuation allowance when it is more likely than not that some portion or all of its deferred tax assets will not be realized. The Company considers its historical earnings, trends, and outlook for future years in making this determination. The Company had a deferred tax valuation allowance of $833 million and $663 million as of December 31, 2004 and 2003, respectively. See Note 8 to the consolidated financial statements for additional information.

Tax contingencies – The Company has reserves for taxes and associated interest that may become payable in future years as a result of audits by tax authorities. Although the Company believes that the positions taken on previously filed tax returns are reasonable, it nevertheless has established tax and interest reserves in recognition that various taxing authorities may challenge the positions taken by the Company resulting in additional liabilities for taxes and interest. The tax reserves are reviewed as circumstances warrant and adjusted as events occur that affect the Company's potential liability for additional taxes, such as lapsing of applicable statutes of limitations, conclusion of tax audits, additional exposure based on current calculations, identification of new issues, release of administrative guidance, or rendering of a court decision affecting a particular tax issue. In 2003, the Company reached an agreement with the IRS covering tax years 1990 through 1995 and as a result, recorded an $80 million tax benefit to reduce previously accrued income tax liabilities and an $84 million reduction in interest expense to reduce previously accrued interest related to accrued tax liabilities.

New Accounting Pronouncement In December 2004, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 123 (revised 2004), "Share-Based Payment" (SFAS 123(R)). SFAS 123(R) requires all share-based payments to employees, including grants of employee stock options, to be recognized in the financial statements based on their fair values. Prior to SFAS 123(R), companies could elect to account for share-based payments under APB 25 (described in Note 1 to the consolidated financial statements) and provide the pro forma disclosures required by SFAS 123 (described in Note 1 to the consolidated financial statements). SFAS 123(R) is effective for public companies beginning with the first interim period that begins after June 15, 2005 (July 1, 2005 for AMR). Under SFAS 123(R), compensation expense will be recognized for the portion of outstanding awards for which the requisite service has not yet been rendered, based on the grant-date fair value of those awards calculated under SFAS 123 for pro forma disclosures. The Company has not completed its evaluation of the impact of SFAS 123(R) on its financial statements.

Risk Factors

The Company's ability to become profitable and its ability to continue to fund its obligations on an ongoing basis will depend on a number of risk factors, many of which are largely beyond the Company's control. Among other things, the following factors have had and/or may have a negative impact on the Company's business and financial results:

Economic and Other Conditions The airline industry is affected by changes in international, national, regional and local economic, business and financial conditions, inflation, war, terrorist attacks, political instability (or the threat thereof), consumer preferences and spending patterns, demographic trends, disruptions to the air traffic control system, consumer perceptions of airline safety, costs of safety, security and environmental measures, and the weather.

Substantial Indebtedness The Company has, and will continue to have, a significant amount of indebtedness. In addition, the Company, American and their respective subsidiaries may incur substantial additional debt, including secured debt, in the future. As discussed earlier in this Report, the Company's substantial indebtedness could have important consequences. For example, it could (i) limit the Company's ability to obtain additional financing for working capital, capital expenditures, acquisitions and general corporate purposes, or adversely affect the terms on which such financing could be obtained; (ii) require the Company to dedicate a substantial portion of its cash flow from operations to payments on its indebtedness, thereby reducing the funds available for other purposes; (iii) make the Company more vulnerable to economic downturns; (iv) limit its ability to withstand competitive pressures and reduce its flexibility in responding to changing business and economic conditions; and (v) limit the Company's flexibility in planning for, or reacting to, changes in its business and the industry in which it operates.

Credit Facility Covenants American has a fully drawn $850 million Credit Facility, which consists of a $600 million Revolving Facility with a final maturity on June 17, 2009 and a $250 million Term Loan Facility with a final maturity on December 17, 2010. The Credit Facility contains a liquidity covenant and a ratio of cash flow to fixed charges covenant. American and AMR were in compliance with these covenants as of December 31, 2004 and expect to be able to continue to comply with these covenants, but there are no assurances that they will be able to do so through the expiration of the Credit Facility. Failure to comply with these covenants would result in a default under the Credit Facility which — if the Company did not take steps to obtain a waiver of, or otherwise mitigate, the default — could result in a default under a significant amount of the Company's other debt.

Fuel Prices / Supply Due to the competitive nature of the airline industry, there can be no assurance that the Company will be able to pass on increased fuel prices to its customers by increasing its fares. In fact, recent history would indicate that the Company has a very limited ability to pass along the increased costs of fuel. Likewise, increased fare competition and lower revenues may offset any potential benefit of lower fuel prices. As of December 31, 2004, the Company had hedged approximately 15 percent of its expected first quarter 2005 fuel requirements, and minimal amounts of its expected fuel requirements beyond March 31, 2005.

While the Company does not currently anticipate a significant reduction in fuel availability, dependency on foreign imports of crude oil and the possibility of changes in government policy on jet fuel production, transportation and marketing make it impossible to predict the future availability of jet fuel. In the event there is an outbreak of hostilities or other conflicts in oil producing areas or elsewhere, there could be reductions in the production and/or importation of crude oil and/or significant increases in the cost of fuel. If there were major reductions in the availability of jet fuel or significant increases in its cost, or if current high prices are sustained for a significant period of time, the Company's business would be adversely affected.

Increasing Competition and Historically Low Fare Levels Service over almost all of the Company's routes is highly competitive and fares remain at historically low levels. The Company faces vigorous competition from major domestic airlines, national, regional, all-cargo and charter carriers, foreign air carriers, LCCs, and, particularly on shorter segments, ground and rail transportation. Increasingly, the Company faces significant competition from LCCs and marketing/operational alliances formed by its competitors. The percentage of routes on which the Company competes with carriers having substantially lower operating costs has grown significantly over the past decade, and the Company now competes with LCCs on most of its domestic network. In addition, the Company must compete with carriers that have recently reorganized or are reorganizing, including under the protection of Chapter 11 of the Bankruptcy Code. It is possible that one or more other competitors may seek to reorganize in or out of Chapter 11. Successful completion of such out-of-court or Chapter 11 reorganizations could present the Company with competitors with lower operating costs derived from renegotiated labor, supply and financing contracts.

Certain alliances have been granted immunity from anti-trust regulations by governmental authorities for specific areas of cooperation, such as joint pricing decisions. To the extent alliances formed by its competitors can undertake activities that are not available to the Company, the Company's ability to effectively compete may be hindered.

Pricing decisions are significantly affected by competition from other airlines. Fare discounting by competitors has historically had a negative effect on the Company's financial results because the Company is generally required to match competitors' fares because failing to match would provide even less revenue. More recently, the Company has faced increased competition from carriers with simplified fare structures, which are generally preferred by travelers. In addition, in January 2005, Delta implemented a U.S.-wide simplified fare structure initiative, which the Company matched in most domestic markets. No assurance can be given that any fare reduction or fare simplification initiative will be offset by increases in passenger traffic, a reduction in costs or changes in the mix of traffic that would improve yields. In addition, several air carriers have recently reorganized or are reorganizing under Chapter 11 of the United States Bankruptcy Code, including United and US Airways. It is possible that other competitors may seek to reorganize in or out of Chapter 11. Historically, air carriers involved in reorganizations have undertaken substantial fare discounting in order to maintain cash flows and enhance customer loyalty.

Increased Pricing Transparency The increased use of the Internet as a travel distribution channel is resulting in a continuous increase in pricing transparency. The Internet has enabled cost conscious customers, including business travelers, to more easily obtain the lowest fare on any given route, which has reduced the Company's pricing power.

Cost Reduction Efforts As discussed in the Overview to this Item, the Company continues to seek to reduce its costs. The ability of the Company to further reduce its costs, particularly without affecting operational performance and service levels, is not assured.

Credit Ratings Since the Terrorist Attacks, AMR's and American's credit ratings have been lowered to significantly below investment grade. These reductions have increased borrowing costs and otherwise adversely affected borrowing terms, and limited borrowing options. Additional reductions in the credit ratings could further increase borrowing or other costs and further restrict the availability of future financing.

Availability and Terms of Financing To maintain sufficient liquidity as the Company continues to implement its restructuring and cost reduction initiatives, and because the Company has significant debt obligations maturing in the next several years, as well as substantial pension funding obligations, the Company will need continued access to additional financing, but there can be no assurance that such financing will be available on acceptable terms, if at all. The Company's ability to obtain future financing or to sell assets could be adversely affected because American has fewer unencumbered assets available than in years past. A very large majority of the Company's aircraft assets (including virtually all of the aircraft eligible for the benefits of Section 1110 of the U.S. Bankruptcy Code) have been encumbered. In addition, the market value of the Company's aircraft assets has declined in recent years and those assets may not maintain their current market value. Moreover, the Company's recent financial results, its substantial indebtedness, the difficult revenue environment it faces, and its reduced credit ratings, coupled with high fuel prices and the financial difficulties experienced in the airline industry, adversely affect the availability and terms of financing for the Company. The inability of the Company to obtain additional financing on acceptable terms would have a material adverse impact on its operations.

Changing Business Strategy The Company evaluates its assets on an ongoing basis with a view to maximizing their value to the Company and determining which are core to its operations. It also regularly evaluates its business strategy. The Company may change its business strategy in the future and may not pursue some of the goals stated herein.

Government Regulation Future results of the Company's operations may vary based upon any actions which the governmental agencies with jurisdiction over the Company's operations may take, including the granting and timing of certain governmental approvals (including foreign government approvals) needed for codesharing alliances and other arrangements with other airlines, restrictions on competitive practices (e.g., court orders, or agency regulations or orders, that would curtail an airline's ability to respond to a competitor), the adoption of regulations that impact customer service standards (e.g., new passenger security standards), and the adoption of more restrictive locally-imposed noise restrictions.

Conflicts Overseas Prior to the war in Iraq, the increased threat of U.S. military involvement in overseas operations had a significant adverse impact on the Company's business, financial position (including access to capital markets) and results of operations and on the airline industry in general. Furthermore, the war in Iraq had a significant adverse impact on international and domestic revenues and future bookings. The continuing conflict in Iraq, or other conflicts or events in the Middle East or elsewhere, may result in similar adverse impacts.

Terrorist Attacks The Terrorist Attacks had a material adverse impact on the Company. The occurrence of another terrorist attack (whether domestic or international and whether against the Company or another entity) would again have a material adverse impact on the Company, its finances and/or its operations.

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

Diseases In 2003, there was an outbreak of Severe Acute Respiratory Syndrome (SARS), which primarily had an adverse impact on the Company's Pacific operations. If there were another outbreak of a disease (such as SARS) that affects travel behavior, it could have a material adverse impact on the Company's operations.

Uncertainty of Future Collective Bargaining Agreements and Events The Company's operations could be adversely affected by failure of the Company to reach agreement with any labor union representing the Company's employees. In addition, a dispute between the Company and an employee work group (outside the confines of a collective bargaining agreement) could adversely impact the Company's operations.

Insurance Costs and Availability of Insurance The Company carries insurance for public liability, passenger liability, property damage and all-risk coverage for damage to its aircraft. As a result of the Terrorist Attacks, aviation insurers significantly reduced the amount of insurance coverage available to commercial air carriers for liability to persons other than employees or passengers for claims resulting from acts of terrorism, war or similar events (war-risk coverage). At the same time, these insurers significantly increased the premiums for aviation insurance in general. The U.S. government has agreed to provide commercial war-risk insurance for U.S. based airlines until August 31, 2005, covering losses to employees, passengers, third parties and aircraft. In addition, the Secretary of Transportation may extend the policy until December 31, 2005, at his discretion. However, there is no assurance that it will be extended. If the U.S. government does not extend the policy beyond August 31, 2005, the Company will attempt to purchase similar coverage with narrower scope from commercial insurers at an additional cost. To the extent this coverage is not available at commercially reasonable rates, the Company's results of operations would be negatively affected. While the price of commercial insurance has declined in recent years, in the event commercial insurance carriers further reduce the amount of insurance coverage available to the Company, or significantly increase its cost, the Company's operations and/or financial position and results of operations would be adversely affected.

Executive Retention Since the Terrorist Attacks, several key executives have elected to retire early or leave the Company for more financially favorable opportunities at other companies. There can be no assurance that the Company will be able to retain its key executives. The inability of the Company to retain key executives, or attract and retain additional qualified executives, could have a negative impact on the Company.

Dependence on Technology The Company is increasingly dependent on technology to operate its business. Any substantial or repeated failures of the Company's computer or communications systems could impact the Company's customer service, result in the loss of important data, loss of revenues, and increased costs, and generally harm the Company's business. Like all companies, the Company's computer and communication systems may be vulnerable to disruptions due to events beyond the Company's control, including natural disasters, power failures, equipment failures, and computer viruses and hackers. The Company has implemented various technology security initiatives and disaster recovery plans, but there can be no assurance that these measures are adequate to prevent disruptions of the Company's systems.

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

Market Risk Sensitive Instruments and Positions

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

Aircraft Fuel The Company's earnings are affected by changes in the price and availability of aircraft fuel. In order to provide a measure of control over price and supply, the Company trades and ships fuel and maintains fuel storage facilities to support its flight operations. The Company also manages the price risk of fuel costs primarily by using jet fuel, heating oil, and crude oil hedging contracts. Market risk is estimated as a hypothetical 10 percent increase in the December 31, 2004 and 2003 cost per gallon of fuel. Based on projected 2005 fuel usage, such an increase would result in an increase to aircraft fuel expense of approximately $377 million in 2005, inclusive of the impact of fuel hedge instruments outstanding at December 31, 2004, and assumes the Company's fuel hedging program remains effective under Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities". Comparatively, based on projected 2004 fuel usage, such an increase would have resulted in an increase to aircraft fuel expense of approximately $268 million in 2004, inclusive of the impact of fuel hedge instruments outstanding at December 31, 2003. The change in market risk is due to the increase in fuel prices and a decrease in the amount of fuel hedged. As of December 31, 2004, the Company had hedged, with option contracts, approximately five percent of its estimated 2005 fuel requirements, or approximately 15 percent of its estimated first quarter 2005 fuel requirements, and a minimal amount of its estimated fuel requirements thereafter. Comparatively, as of December 31, 2003 the Company had hedged, with option contracts, approximately 21 percent of its estimated first quarter 2004 fuel requirements, 16 percent of its second quarter 2004 estimated fuel requirements and six percent of its estimated fuel requirements for the remainder of 2004. A deterioration of the Company's liquidity position could negatively affect the Company's ability to hedge fuel in the future.

Foreign Currency The Company is exposed to the effect of foreign exchange rate fluctuations on the U.S. dollar value of foreign currency-denominated operating revenues and expenses. The Company's largest exposure comes from the British pound, Euro, Canadian dollar, Japanese yen and various Latin American currencies. The Company does not currently have a foreign currency hedge program related to its foreign currency-denominated ticket sales. The result of a uniform 10 percent strengthening in the value of the U.S. dollar from December 31, 2004 and 2003 levels relative to each of the currencies in which the Company has foreign currency exposure would result in a decrease in operating income of approximately $93 million and $77 million for the years ending December 31, 2005 and 2004, respectively, due to the Company's foreign-denominated revenues exceeding its foreign-denominated expenses. This sensitivity analysis was prepared based upon projected 2005 and 2004 foreign currency-denominated revenues and expenses as of December 31, 2004 and 2003, respectively.

Interest The Company's earnings are also affected by changes in interest rates due to the impact those changes have on its interest income from cash and short-term investments, and its interest expense from variable-rate debt instruments. The Company's largest exposure with respect to variable-rate debt comes from changes in the London Interbank Offered Rate (LIBOR). The Company had variable-rate debt instruments representing approximately 34 percent and 37 percent of its total long-term debt at December 31, 2004 and 2003, respectively. If the Company's interest rates average 10 percent more in 2005 than they did at December 31, 2004, the Company's interest expense would increase by approximately $21 million and interest income from cash and short-term investments would increase by approximately $7 million. In comparison, at December 31, 2003, the Company estimated that if interest rates averaged 10 percent more in 2004 than they did at December 31, 2003, the Company's interest expense would have increased by approximately $13 million and interest income from cash and short-term investments would have increased by approximately $4 million. These amounts are determined by considering the impact of the hypothetical interest rates on the Company's variable-rate long-term debt and cash and short-term investment balances at December 31, 2004 and 2003.

Market risk for fixed-rate long-term debt is estimated as the potential increase in fair value resulting from a hypothetical 10 percent decrease in interest rates, and amounts to approximately $418 million and $372 million as of December 31, 2004 and 2003, respectively. The fair values of the Company's long-term debt were estimated using quoted market prices or discounted future cash flows based on the Company's incremental borrowing rates for similar types of borrowing arrangements.

Other The Company holds investments in certain other entities which are subject to market risk. However, the impact of such market risk on earnings is not significant due to the immateriality of the carrying value and the geographically diverse nature of these holdings.

ITEM 8. CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
AMR Corporation

We have audited the accompanying consolidated balance sheets of AMR Corporation as of December 31, 2004 and 2003 and the related consolidated statements of operations, stockholders' equity (deficit) and cash flows for each of the three years in the period ended December 31, 2004. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of AMR Corporation at December 31, 2004 and 2003 and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2004 in conformity with U.S. generally accepted accounting principles.

As discussed in Note 11 to the consolidated financial statements, effective January 1, 2002 the Company changed its method of accounting for its goodwill and other intangible assets as required by Statement of Financial Accounting Standards No. 142, "Accounting for Goodwill and Other Intangible Assets".

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of AMR Corporation's internal control over financial reporting as of December 31, 2004, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 22, 2005 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Dallas, Texas
February 22, 2005

AMR CORPORATION

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

	Year Ended December 31,		
	2004	2003	2002
Revenues			
Passenger - American Airlines	$ 15,021	$ 14,332	$ 14,440
- Regional Affiliates	1,876	1,519	1,431
Cargo	625	558	561
Other revenues	1,123	1,031	988
Total operating revenues	18,645	17,440	17,420
Expenses			
Wages, salaries and benefits	6,719	7,264	8,392
Aircraft fuel	3,969	2,772	2,562
Depreciation and amortization	1,292	1,377	1,366
Other rentals and landing fees	1,187	1,173	1,198
Commissions, booking fees and credit card expense	1,107	1,063	1,163
Maintenance, materials and repairs	971	860	1,108
Aircraft rentals	609	687	840
Food service	558	611	698
Other operating expenses	2,366	2,428	2,715
Special charges	11	407	718
U.S. government grant	—	(358)	(10)
Total operating expenses	18,789	18,284	20,750
Operating Loss	(144)	(844)	(3,330)
Other Income (Expense)			
Interest income	66	55	71
Interest expense	(871)	(703)	(685)
Interest capitalized	80	71	86
Miscellaneous – net	108	113	(2)
	(617)	(464)	(530)
Loss Before Income Taxes and Cumulative Effect of Accounting Change	(761)	(1,308)	(3,860)
Income tax benefit	—	(80)	(1,337)
Loss Before Cumulative Effect of Accounting Change	(761)	(1,228)	(2,523)
Cumulative Effect of Accounting Change, Net of Applicable Income Taxes	—	—	(988)
Net Loss	$ (761)	$ (1,228)	$ (3,511)
Loss Per Share:			
Basic and Diluted			
Loss before cumulative effect of accounting change	$ (4.74)	$ (7.76)	$ (16.22)
Cumulative effect of accounting change	—	—	(6.35)
Net loss	$ (4.74)	$ (7.76)	$ (22.57)

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

AMR CORPORATION

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

	December 31, 2004	December 31, 2003
Assets		
Current Assets		
Cash	$ 120	$ 120
Short-term investments	2,809	2,486
Restricted cash and short-term investments	478	527
Receivables, less allowance for uncollectible accounts (2004 - $59; 2003 - $62)	836	796
Inventories, less allowance for obsolescence (2004 - $379; 2003 - $428)	488	516
Other current assets	240	237
Total current assets	4,971	4,682
Equipment and Property		
Flight equipment, at cost	22,297	21,366
Less accumulated depreciation	7,005	6,047
	15,292	15,319
Purchase deposits for flight equipment	319	359
Other equipment and property, at cost	5,005	4,820
Less accumulated depreciation	2,579	2,409
	2,426	2,411
	18,037	18,089
Equipment and Property Under Capital Leases		
Flight equipment	1,917	2,291
Other equipment and property	170	167
	2,087	2,458
Less accumulated amortization	987	1,087
	1,100	1,371
Other Assets		
Route acquisition costs and airport operating and gate lease rights, less accumulated amortization (2004 - $309; 2003 - $284)	1,223	1,253
Other assets	3,442	3,935
	4,665	5,188
Total Assets	$ 28,773	$ 29,330

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

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

	December 31, 2004	December 31, 2003
Liabilities and Stockholders' Equity (Deficit)		
Current Liabilities		
Accounts payable	$ 1,003	$ 967
Accrued salaries and wages	547	528
Accrued liabilities	1,479	1,461
Air traffic liability	3,183	2,799
Current maturities of long-term debt	659	603
Current obligations under capital leases	147	201
Total current liabilities	7,018	6,559
Long-Term Debt, Less Current Maturities	12,436	11,901
Obligations Under Capital Leases, Less Current Obligations	1,088	1,225
Other Liabilities and Credits		
Deferred gains	470	520
Pension and postretirement benefits	4,743	4,803
Other liabilities and deferred credits	3,599	4,276
	8,812	9,599
Commitments and Contingencies		
Stockholders' Equity (Deficit)		
Preferred stock - 20,000,000 shares authorized; None issued	—	—
Common stock - - $1 par value; 750,000,000 shares authorized; 182,350,259 shares issued	182	182
Additional paid-in capital	2,521	2,605
Treasury shares at cost: 2004 – 21,194,312; 2003 – 22,768,027	(1,308)	(1,405)
Accumulated other comprehensive loss	(664)	(785)
Accumulated deficit	(1,312)	(551)
	(581)	46
Total Liabilities and Stockholders' Equity (Deficit)	$ 28,773	$ 29,330

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

AMR CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)

	Year Ended December 31,		
	2004	2003	2002
Cash Flow from Operating Activities:			
Net Loss	$ (761)	$ (1,228)	$ (3,511)
Adjustments to reconcile net loss to net cash provided (used) by operating activities:			
Depreciation	1,139	1,222	1,210
Amortization	153	155	156
Provisions for asset impairments and special charges	21	190	463
Goodwill impairment	—	—	988
Gain on sale of investments	(146)	(154)	—
Deferred income taxes	—	—	(845)
Additional tax refunds due to tax law change	—	—	371
Redemption payments under operating leases for special facility revenue bonds	—	(521)	—
Change in assets and liabilities:			
Decrease (increase) in receivables	(89)	690	(66)
Decrease in inventories	8	56	48
Decrease in accounts payable and accrued liabilities	(26)	(198)	(32)
Increase (decrease) in air traffic liability	377	184	(154)
Increase in other liabilities and deferred credits	31	245	188
Other, net	10	(40)	73
Net cash provided (used) by operating activities	717	601	(1,111)
Cash Flow from Investing Activities:			
Capital expenditures, including purchase deposits on flight equipment	(1,027)	(680)	(1,881)
Net (increase) decrease in short-term investments	(323)	(640)	540
Net decrease (increase) in restricted cash and short-term investments	49	256	(248)
Proceeds from sale of equipment and property and investments	265	395	220
Other	(12)	24	(24)
Net cash used for investing activities	(1,048)	(645)	(1,393)
Cash Flow from Financing Activities:			
Payments on long-term debt and capital lease obligations	(1,653)	(886)	(687)
Proceeds from:			
Issuance of long-term debt	1,977	945	3,099
Sale-leaseback transactions	—	—	91
Exercise of stock options	7	1	3
Net cash provided by financing activities	331	60	2,506
Net increase in cash	—	16	2
Cash at beginning of year	120	104	102
Cash at end of year	$ 120	$ 120	$ 104
Activities Not Affecting Cash			
Flight equipment acquired through seller financing	$ 18	$ 735	$ —
Capital lease obligations incurred	$ 13	$ 140	$ —
Reduction to capital lease and other obligations	$ —	$ (190)	$ —

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

AMR CORPORATION

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

	Common Stock	Additional Paid-in Capital	Treasury Stock	Accumulated Other Comprehensive Loss	Retained Earnings (Deficit)	Total
Balance at January 1, 2002	$ 182	$ 2,865	$ (1,716)	$ (146)	$ 4,188	$ 5,373
Net loss	—	—	—	—	(3,511)	(3,511)
Minimum pension liability	—	—	—	(1,122)	—	(1,122)
Changes in fair value of derivative financial instruments	—	—	—	143	—	143
Unrealized loss on investments	—	—	—	(6)	—	(6)
Income tax benefit	—	—	—	55	—	55
Total comprehensive loss						(4,441)
Issuance of 1,533,760 shares from Treasury pursuant to stock option, deferred stock and restricted stock incentive plans, net of tax of $2	—	(70)	95	—	—	25
Balance at December 31, 2002	182	2,795	(1,621)	(1,076)	677	957
Net loss	—	—	—	—	(1,228)	(1,228)
Minimum pension liability	—	—	—	337	—	337
Changes in fair value of derivative financial instruments	—	—	—	(43)	—	(43)
Unrealized loss on investments	—	—	—	(3)	—	(3)
Total comprehensive loss						(937)
Issuance of 3,492,593 shares from Treasury to vendors and employees pursuant to stock option and deferred stock incentive plans	—	(190)	216	—	—	26
Balance at December 31, 2003	182	2,605	(1,405)	(785)	(551)	46
Net loss	—	—	—	—	(761)	(761)
Minimum pension liability	—	—	—	129	—	129
Changes in fair value of derivative financial instruments	—	—	—	(4)	—	(4)
Unrealized loss on investments	—	—	—	(4)	—	(4)
Total comprehensive loss						(640)
Issuance of 1,573,715 shares from Treasury to employees pursuant to stock option and deferred stock incentive plans	—	(84)	97	—	—	13
Balance at December 31, 2004	$ 182	$ 2,521	$ (1,308)	$ (664)	$ (1,312)	$ (581)

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Accounting Policies

Basis of Presentation The accompanying consolidated financial statements include the accounts of AMR Corporation (AMR or the Company) and its wholly owned subsidiaries, including (i) its principal subsidiary American Airlines, Inc. (American) and (ii) its regional airline subsidiary, AMR Eagle Holding Corporation and its primary subsidiaries, American Eagle Airlines, Inc., Executive Airlines, Inc. and AMR Leasing Corporation (collectively, AMR Eagle). All significant intercompany transactions have been eliminated.

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

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

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

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

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

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

Employee Accruals The Company estimates the amount of potential retroactive pay expected to be provided upon finalization of a labor agreement for work groups working under contracts that have become amendable. These estimates are based upon management's expectation of the most likely outcome of the contract negotiations.

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

1. Summary of Accounting Policies (Continued)

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

	Depreciable Life
American jet aircraft and engines	20 – 30 years
Saab 340 aircraft	2005 [1]
Other regional aircraft and engines	16 - 20 years
Major rotable parts, avionics and assemblies	Life of equipment to which applicable
Improvements to leased flight equipment	Term of lease
Buildings and improvements (principally on leased land)	10-30 years or term of lease
Furniture, fixtures and other equipment	3-10 years
Capitalized software	3-10 years

[1] Final aircraft retirement date.

Effective January 1, 2005, in order to more accurately reflect the expected useful life of its aircraft, the Company changed its estimate of the depreciable lives of certain American aircraft types from 25 to 30 years.

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

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

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

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

Frequent Flyer Program The estimated incremental cost of providing free travel awards is accrued when such award levels are reached. American also accrues a frequent flyer liability for the mileage credits that are expected to be used for travel on participating airlines (based on historical usage patterns and contractual rates). American sells mileage credits and related services to companies participating in its frequent flyer program. The portion of the revenue related to the sale of mileage credits, representing the revenue for air transportation sold, is valued at current market rates and is deferred and amortized over 28 months, which approximates the expected period over which the mileage credits are used. The remaining portion of the revenue, representing the marketing products sold and administrative costs associated with operating the AAdvantage program, is recognized upon sale, as the related services have been provided. The Company's total liability for future AAdvantage award redemptions for free, discounted or upgraded travel on American, American Eagle or participating airlines as well as unrecognized revenue from selling AAdvantage miles to other airlines was approximately $1.4 billion and $1.2 billion (and is recorded as a component of Air traffic liability on the accompanying consolidated balance sheets) at December 31, 2004 and 2003, respectively.

1. Summary of Accounting Policies (Continued)

Tax Contingencies The Company has reserves for taxes and associated interest that may become payable in future years as a result of audits by tax authorities. Although the Company believes that the positions taken on previously filed tax returns are reasonable, it nevertheless has established tax and interest reserves in recognition that various taxing authorities may challenge the positions taken by the Company resulting in additional liabilities for taxes and interest. The tax reserves are reviewed as circumstances warrant and adjusted as events occur that affect the Company's potential liability for additional taxes, such as lapsing of applicable statutes of limitations, conclusion of tax audits, additional exposure based on current calculations, identification of new issues, release of administrative guidance, or rendering of a court decision affecting a particular tax issue.

Advertising Costs The Company expenses the costs of advertising as incurred. Advertising expense was $146 million, $150 million and $161 million for the years ended December 31, 2004, 2003 and 2002, respectively.

Stock Options The Company accounts for its stock-based compensation plans in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" (APB 25) and related Interpretations. Under APB 25, no compensation expense is recognized for stock option grants if the exercise price of the Company's stock option grants is at or above the fair market value of the underlying stock on the date of grant. The Company has adopted the pro forma disclosure features of Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" (SFAS 123), as amended by Statement of Financial Accounting Standards No. 148, "Accounting for Stock-Based Compensation-Transition and Disclosure". As required by SFAS 123, pro forma information regarding net loss and loss per share have been determined as if the Company had accounted for its employee stock options and awards granted using the fair value method prescribed by SFAS 123. The fair value for the stock options was estimated at the date of grant using a Black-Scholes option pricing model with the following weighted-average assumptions for 2004, 2003 and 2002: risk-free interest rates ranging from 2.93% to 4.30%; dividend yields of 0%; expected stock volatility ranging from 45% to 55%; and expected life of the options ranging from 3.6 years to 4.5 years.

The following table illustrates the effect on net loss and loss per share amounts if the Company had applied the fair value recognition provisions of SFAS 123 to stock-based employee compensation (in millions, except per share amounts):

	Year Ended December 31,		
	2004	2003	2002
Net Loss, as reported	$ (761)	$ (1,228)	$ (3,511)
Add: Stock-based employee compensation expense included in reported net loss, net of tax in 2002	21	20	5
Deduct: Total stock-based employee compensation expense determined under fair value based methods for all awards, net of tax in 2002	(85)	(79)	(36)
Pro forma net loss	$ (825)	$ (1,287)	$ (3,542)
Basic and diluted loss per share:			
As reported	$ (4.74)	$ (7.76)	$ (22.57)
Pro forma	$ (5.14)	$ (8.13)	$ (22.77)

1. Summary of Accounting Policies (Continued)

New Accounting Pronouncement In December 2004, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 123 (revised 2004), "Share-Based Payment" (SFAS 123(R)). SFAS 123(R) requires all share-based payments to employees, including grants of employee stock options, to be recognized in the financial statements based on their fair values. SFAS 123(R) is effective for public companies beginning with the first interim period that begins after June 15, 2005 (July 1, 2005 for AMR). Under SFAS 123(R), the Company will recognize compensation expense for the portion of outstanding awards for which the requisite service has not yet been rendered, based on the grant-date fair value of those awards calculated under SFAS 123 for pro forma disclosures. The Company has not completed its evaluation of the impact of SFAS 123(R) on its financial statements.

2. Special charges and U.S. government grant

During the last few years, as a result of the events of September 11, 2001 (the Terrorist Attacks), the depressed revenue environment, high fuel prices and the Company's restructuring activities, the Company has recorded a number of special charges. For the years ended December 31, 2004, 2003 and 2002, the Company recorded the following to Special charges (in millions):

	Year Ended December 31,		
	2004	2003	2002
Aircraft charges	$ 1	$ 321	$ 658
Employee charges	31	92	57
Facility exit costs	(21)	62	3
Other	—	(68)	—
Total special charges	$ 11	$ 407	$ 718

Year	Description of Charge	Amount (millions)
Aircraft charges		
2004	Adjusted prior accruals for lease return and other costs	$ (20)
	Permanently retired seven McDonnell Douglas MD80 aircraft	21
		$ 1
2003	Accelerated the planned retirement of Airbus A300 aircraft and permanently retired Boeing 767-200 aircraft and four Boeing 767-200 ER aircraft. Aircraft and related Airbus A300 rotables were written down to fair value. *	$ 264
	Retired Boeing 757 leased aircraft and accrued future lease commitments and lease return costs	77
	Adjusted prior accruals for lease return and other costs	(20)
		$ 321

2. Special charges and U.S. government grant (Continued)

Year	Description of Charge	Amount (millions)
Aircraft charges (Continued)		
2002	Accelerated the planned retirement of Fokker 100, Saab 340 and ATR 42 aircraft. Aircraft and related rotables and excess inventory were written down to fair value. *	$ 370
	Retired nine leased Boeing 767-300 aircraft and accelerated the retirement of four leased Fokker 100 aircraft. Accrued future lease commitments and lease return costs. Excess Boeing 767-300 inventory and related rotables were written down to fair value.	189
	Accrued contract cancellation costs and other costs related to discontinued aircraft modifications	99
		$ 658
Employee charges		
2004	Adjusted prior accruals for severance costs related to the 2003 Management Reductions and Labor Agreements** due to fewer furloughs than anticipated resulting from the Company's operational requirements and the volume of pilot retirements	$ (11)
	Accrued primarily severance costs for approximately 3,200 job reductions across all work groups except flight attendants (by June 2005)	42
		$ 31
2003	Reduced approximately 9,300 jobs across all work groups in conjunction with the Management Reductions and the Labor Agreements** and the reduction of the St. Louis hub. Accrued primarily severance costs.	$ 76
	Recognized curtailment loss as discussed in Note 10	46
	Accrued severance charges related to the 2002 workforce reduction discussed below	25
	Other	4
	Reduced vacation accrual to reflect new lower pay scales and maximum vacation caps and wrote off a note receivable from one of the Company's three major unions in conjunction with the Labor Agreements and the Management Reductions**	(59)
		$ 92
2002	Reduced approximately 7,000 jobs by March 2003 across all work groups to realign workforce with planned capacity reductions, fleet simplification, and hub restructurings. Accrued severance and benefits related to voluntary programs in accordance with collective bargaining agreements with pilot and flight attendant work groups.	$ 57

2. Special charges and U.S. government grant (Continued)

Year	Description of Charge	Amount (millions)
Facility exit costs		
2004	Adjusted prior accruals for future lease commitments upon completion of a space reevaluation primarily done in connection with the occupation of some of the space by another carrier	$ (21)
2003	Accrued the fair value of future lease commitments and wrote-off certain prepaid rental amounts and leasehold improvements related to certain excess airport space	$ 45
	Reduced the size of the St. Louis hub and accrued the fair value of certain future lease commitments	12
	Other	5
		$ 62

* In determining the asset impairment charges described above, management estimated the undiscounted future cash flows using models used by the Company in making fleet and scheduling decisions. In determining the fair value of these aircraft, the Company considered outside third party appraisals and recent transactions involving sales of similar aircraft and engines. The Company also considered internal valuation models in determining the fair value of these aircraft, and with respect to the Fokker 100 aircraft, incorporated the fact that with this grounding, no major airline operates this fleet type.

** In February 2003, American asked its employees for approximately $1.8 billion in annual savings through a combination of changes in wages, benefits and work rules. In April 2003, American reached agreements with its three major unions (the Labor Agreements) to achieve these savings and also implemented various reductions in the pay plans and benefits for non-unionized personnel, including officers and other management (the Management Reductions).

Other

In 2003, American sold 33 Fokker 100 aircraft (with a minimal net book value), issued a $23 million non-interest-bearing note, payable in installments and maturing in December 2010, entered into short-term leases on these aircraft and issued shares of AMR common stock as discussed in Note 9. In exchange, approximately $130 million of debt related to certain of the Fokker 100 aircraft was retired. However, the agreement contains provisions that would require American to repay additional amounts of the original debt if certain events occur prior to December 31, 2005, including: (i) an event of default (which generally occurs only if a payment default occurs), (ii) an event of loss with respect to the related aircraft, (iii) rejection by the Company of the lease under the provisions of Chapter 11 of the U.S. Bankruptcy Code or (iv) the Company's filing for bankruptcy under Chapter 7 of the U.S. Bankruptcy Code. As a result of this transaction, including the sale of the 33 Fokker 100 aircraft, and the termination of the Company's interest rate swap agreements related to the debt that has been retired, the Company recognized a gain of approximately $68 million in 2003. If the certain events described above do not occur, the Company expects to recognize an additional gain of approximately $37 million in December 2005.

2. Special charges and U.S. government grant (Continued)

Summary

The following table summarizes the components of these charges and the remaining accruals for future lease payments, aircraft lease return and other costs, facilities closure costs and employee severance and benefit costs (in millions):

	Aircraft Charges	Facility Exit Costs	Employee Charges	Other	Total
Remaining accrual at January 1, 2002	$ 58	$ 20	$ —	$ —	$ 78
Special charges	658	3	57	—	718
Non-cash charges	(460)	(3)	—	—	(463)
Payments	(47)	(3)	(13)	—	(63)
Remaining accrual at December 31, 2002	209	17	44	—	270
Special charges	341	62	92	(68)	427
Adjustments	(20)	—	—	—	(20)
Non-cash charges	(264)	(17)	23	68	(190)
Payments	(69)	(6)	(133)	—	(208)
Remaining accrual at December 31, 2003	197	56	26	—	279
Special charges	21	—	42	—	63
Adjustments	(20)	(21)	(11)	—	(52)
Non-cash charges	(21)	—	—	—	(21)
Payments	(48)	(9)	(21)	—	(78)
Remaining accrual at December 31, 2004	$ 129	$ 26	$ 36	$ —	$ 191

Cash outlays related to the accruals, as of December 31, 2004, for aircraft charges, facility exit costs and employee charges will occur through 2014, 2018 and 2005, respectively.

U.S. government grant

In April 2003, the President signed the Emergency Wartime Supplemental Appropriations Act, 2003 (the Appropriations Act), which included provisions authorizing payment of $2.3 billion to reimburse air carriers for increased security costs in proportion to the amounts each carrier had paid or collected in passenger security and air carrier security fees to the Transportation Security Administration (the Security Fee Reimbursement). The Company's Security Fee Reimbursement was $358 million (net of payments to independent regional affiliates) and is included in U.S. government grant in the accompanying consolidated statements of operations.

On September 22, 2001, President Bush signed into law the Air Transportation Safety and System Stabilization Act (the Stabilization Act). The Company received a total of $866 million from the U.S. government under the airline compensation provisions of the Stabilization Act. For the year ended December 31, 2002, the Company recognized approximately $10 million as a result of the Stabilization Act, which is included in U.S. government grant on the accompanying consolidated statements of operations.

2. Special charges and U.S. government grant (Continued)

Other

In addition, the Stabilization Act provides for compensation to individual claimants who were physically injured or killed as a result of the Terrorist Attacks. Furthermore, the Stabilization Act provides that, notwithstanding any other provision of law, liability for all claims, whether compensatory or punitive, arising from the terrorist-related events of September 11, 2001 against any air carrier shall not exceed the liability coverage maintained by the air carrier. Based upon estimates provided by the Company's insurance providers, the Company recorded a liability of approximately $2.3 billion for claims arising from the Terrorist Attacks, after considering the liability protections provided for by the Stabilization Act. In 2004, this liability was adjusted to $1.9 billion based on revised estimates from the insurance carriers, due primarily to the expiration of certain statutes of limitations. The Company has also recorded a liability of approximately $500 million related to flight 587, which crashed on November 12, 2001. The Company has recorded a receivable for all of these amounts, which the Company expects to recover from its insurance carriers as claims are resolved. These insurance receivables and liabilities are classified as Other assets and Other liabilities and deferred credits on the accompanying consolidated balance sheets, and are based on reserves established by the Company's insurance carriers. These estimates may be revised as additional information becomes available concerning the expected claims. One of the Company's insurance carriers has entered liquidation. The carrier provides approximately five percent of the Company's coverage related to the Terrorist Attacks and flight 587, as well as other covered items. This results in approximately $80 million in receivables, net of reserves, from the insurance carrier as of December 31, 2004. The Company expects to recover the net receivable via the liquidation process or other means available.

3. Investments

Short-term investments consisted of (in millions):

	December 31,	
	2004	2003
Overnight investments and time deposits	$ 222	$ 718
Corporate and bank notes	2,214	1,245
U. S. government agency notes	212	496
U. S. government agency mortgages	115	17
Asset backed securities	24	—
Other	22	10
	$ 2,809	$ 2,486

Short-term investments at December 31, 2004, by contractual maturity included (in millions):

Due in one year or less	$ 1,128
Due between one year and three years	1,566
Due after three years	115
	$ 2,809

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

3. Investments (Continued)

During 2003, the Company sold its interests in Worldspan, a computer reservations company, and Hotwire, a discount travel website. The Company received $180 million in cash and a $39 million promissory note for its interest in Worldspan. It received $84 million in cash, $80 million of which was recognized as a gain, for its interest in Hotwire. In addition, during 2003, the Company sold a portion of its interest in Orbitz, a travel planning website, in connection with an Orbitz initial public offering and a secondary offering, resulting in total proceeds of $65 million, and a gain of $70 million. Excluded from this gain are certain contingent payments that will be recorded when and if received. The gains on the sale of the Company's interests in Hotwire and Orbitz are included in Miscellaneous-net in the accompanying consolidated statement of operations.

In 2004, the Company sold its remaining interest in Orbitz resulting in total proceeds of $185 million and a gain of $146 million, which is included in Miscellaneous-net in the accompanying consolidated statement of operations.

4. Commitments, Contingencies and Guarantees

As of December 31, 2004, the Company had commitments to acquire: 20 Embraer regional jets in 2005; two Boeing 777-200ERs in 2006; and an aggregate of 47 Boeing 737-800s and seven Boeing 777-200ERs in 2013 through 2016. Future payments for all aircraft, including the estimated amounts for price escalation, will approximate $345 million in 2005, $101 million in 2006 and an aggregate of approximately $3.0 billion in 2011 through 2016. The Company has pre-arranged financing or backstop financing for all of its aircraft deliveries in 2005 and 2006.

American has granted Boeing a security interest in American's purchase deposits with Boeing. These purchase deposits totaled $277 million as of December 31, 2004 and 2003.

The Company has contracts related to facility construction or improvement projects, primarily at airport locations. The contractual obligations related to these projects totaled approximately $462 million as of December 31, 2004. The Company expects to make payments related to these projects as follows: $234 million in 2005, $153 million in 2006, $68 million in 2007 and $7 million in 2008. In addition, the Company has an information technology support related contract that requires minimum annual payments of $152 million through 2013.

American has capacity purchase agreements with two regional airlines, Chautauqua Airlines, Inc. (Chautauqua) and Trans States Airlines, Inc. (collectively the American Connection carriers) to provide Embraer EMB-140/145 regional jet services to certain markets under the brand "American Connection". Under these arrangements, the Company pays the American Connection carriers a fee per block hour to operate the aircraft. The block hour fees are designed to cover the American Connection carriers' fully allocated costs plus a margin. Assumptions for certain costs such as fuel, landing fees, insurance, and aircraft ownership are trued up to actual values on a pass through basis. In consideration for these payments, the Company retains all passenger and other revenues resulting from the operation of the American Connection regional jets. Minimum payments under the contracts are $96 million in 2005, $70 million in 2006, $71 million in 2007, $72 million in 2008 and $20 million in 2009. However, based on expected utilization, the Company expects to make payments of $174 million in 2005, $177 million in 2006, $179 million in 2007, $181 million in 2008, $184 million in 2009 and $721 million in 2010 and beyond. In addition, if the Company terminates the Chautauqua contract without cause, Chautauqua has the right to put its 15 Embraer aircraft to the Company. If this were to happen, the Company would take possession of the aircraft and become liable for lease obligations totaling approximately $21 million per year with lease expirations in 2018 and 2019.

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

4. Commitments, Contingencies and Guarantees (Continued)

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

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

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

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

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

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

AMR and American have event risk covenants in approximately $1.9 billion of indebtedness and operating leases as of December 31, 2004. These covenants permit the holders of such obligations to receive a higher rate of return (between 100 and 650 basis points above the stated rate) if a designated event, as defined, should occur and the credit ratings of such obligations are downgraded below certain levels within a certain period of time. No designated event, as defined, has occurred as of December 31, 2004.

The Company is subject to environmental issues at various airport and non-airport locations for which it has accrued $62 million and $72 million, which are included in Accrued liabilities on the accompanying consolidated balance sheets, at December 31, 2004 and 2003, respectively. Management believes, after considering a number of factors, that the ultimate disposition of these environmental issues is not expected to materially affect the Company's consolidated financial position, results of operations or cash flows. Amounts recorded for environmental issues are based on the Company's current assessments of the ultimate outcome and, accordingly, could increase or decrease as these assessments change.

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

5. Leases

AMR's subsidiaries lease various types of equipment and property, primarily aircraft and airport facilities. The future minimum lease payments required under capital leases, together with the present value of such payments, and future minimum lease payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of December 31, 2004, were (in millions):

Year Ending December 31,	Capital Leases	Operating Leases
2005	$ 258	$ 1,092
2006	259	1,022
2007	189	996
2008	226	938
2009	174	840
2010 and subsequent	950	7,534
	2,056	$ 12,422 (1)
Less amount representing interest	821	
Present value of net minimum lease payments	$ 1,235	

(1) As of December 31, 2004, included in Accrued liabilities and Other liabilities and deferred credits on the accompanying consolidated balance sheet is approximately $1.3 billion relating to rent expense being recorded in advance of future operating lease payments.

At December 31, 2004, the Company had 231 jet aircraft and 27 turboprop aircraft under operating leases and 94 jet aircraft and seven turboprop aircraft under capital leases. The aircraft leases can generally be renewed at rates based on fair market value at the end of the lease term for one to five years. Some aircraft leases have purchase options at or near the end of the lease term at fair market value, but generally not to exceed a stated percentage of the defined lessor's cost of the aircraft or a predetermined fixed amount.

In 2003, the Company reached concessionary agreements with certain lessors. Certain of the agreements provide that the Company's obligations under the related lease revert to the original terms if certain events occur prior to December 31, 2005, including: (i) an event of default under the related lease (which generally occurs only if a payment default occurs), (ii) an event of loss with respect to the related aircraft, (iii) rejection by the Company of the lease under the provisions of Chapter 11 of the U.S. Bankruptcy Code or (iv) the Company's filing for bankruptcy under Chapter 7 of the U.S. Bankruptcy Code. If any one of these events were to occur, the Company would be responsible for approximately $72 million in additional operating lease payments and $59 million in additional payments related to capital leases as of December 31, 2004. This amount will increase to approximately $119 million in operating lease payments and $111 million in payments related to capital leases prior to the expiration of the provision on December 31, 2005. These amounts are being accounted for as contingent rentals and will only be recognized if they become payable.

Special facility revenue bonds have been issued by certain municipalities primarily to improve airport facilities (and purchase equipment) that are leased by American and accounted for as operating leases. Approximately $1.7 billion of these bonds (with total future payments of approximately $4.6 billion as of December 31, 2004) are guaranteed by American, AMR, or both. Approximately $532 million of these special facility revenue bonds contain mandatory tender provisions that require American to make operating lease payments sufficient to repurchase the bonds at various times: $104 million in 2005, $28 million in 2006, $100 million in 2007, $188 million in 2008 and $112 million in 2014. Although American has the right to remarket the bonds, there can be no assurance that these bonds will be successfully remarketed. Any payments to redeem or purchase bonds that are not remarketed would generally reduce existing rent leveling accruals or be considered prepaid facility rentals and would reduce future operating lease commitments. The special facility revenue bonds that contain mandatory tender provisions are included in the table above at their ultimate maturity date rather than their mandatory tender provision date. Approximately $112 million of special facility revenue bonds with mandatory tender provisions were successfully remarketed in 2004.

5. Leases (Continued)

Rent expense, excluding landing fees, was $1.3 billion, $1.4 billion and $1.6 billion in 2004, 2003 and 2002, respectively.

American has determined that it holds a significant variable interest in, but is not the primary beneficiary of, certain trusts that are the lessors under 87 of its aircraft operating leases. These leases contain a fixed price purchase option, which allows American to purchase the aircraft at a predetermined price on a specified date. However, American does not guarantee the residual value of the aircraft. As of December 31, 2004, future lease payments required under these leases totaled $2.9 billion.

6. Indebtedness

Long-term debt consisted of (in millions):

	December 31, 2004	December 31, 2003
Secured variable and fixed rate indebtedness due through 2021 (effective rates from 2.03% - 9.16% at December 31, 2004)	$ 6,340	$ 6,041
Enhanced equipment trust certificates due through 2011 (rates from 2.14% - 9.09% at December 31, 2004)	3,707	3,747
6.0% - 8.5% special facility revenue bonds due through 2036	946	947
Credit facility agreement due through 2010 (temporary average rate of 9.15% at December 31, 2004)	850	—
4.25% - 4.50% senior convertible notes due 2023 – 2024	619	300
9.0% - 10.20% debentures due through 2021	330	330
7.88% - 10.55% notes due through 2039	303	303
Credit facility agreement due in 2005	—	834
Other	—	2
	13,095	12,504
Less current maturities	659	603
Long-term debt, less current maturities	$ 12,436	$ 11,901

Maturities of long-term debt (including sinking fund requirements) for the next five years are: 2005 — $659 million; 2006 — $1.3 billion; 2007 — $1.2 billion; 2008 — $621 million; 2009 — $1.7 billion.

On December 17, 2004, American refinanced its $834 million bank credit facility, which was scheduled to mature in December 2005. The total amount of the new credit facility is $850 million. The new credit facility consists of a $600 million senior secured revolving credit facility and a $250 million term loan facility (the Revolving Facility and the Term Loan Facility, respectively, and collectively, the Credit Facility). Advances under either facility can be designated, at American's election, as LIBOR rate advances or base rate advances. Interest accrues at the LIBOR rate or base rate, as applicable, plus, in either case, the applicable margin. The applicable margin with respect to the Revolving Facility can range from 3.25 percent to 5.25 percent per annum, in the case of LIBOR advances, and from 2.25 percent to 4.25 percent per annum, in the case of base rate advances, depending upon the senior secured debt rating of the Credit Facility. As of December 31, 2004, the Credit Facility was fully drawn and had a temporary average interest rate of 9.15 percent as required by the debt agreement. The interest rate was reset on January 14, 2005, resulting in a new average interest rate of 7.75 percent. The interest rate will be reset at least every six months based on the current LIBOR rate election.

The Revolving Facility matures on June 17, 2009. Commitments under the Revolving Facility will be reduced on a quarterly basis over a period of 4.5 years, with $15 million (or 2.5 percent) of the commitments being reduced in each of the first twelve quarters and the remainder due at maturity. Principal amounts repaid under the Revolving Facility may be re-borrowed, up to the then-available aggregate amount of the commitments.

6. Indebtedness (Continued)

The Term Loan Facility matures on December 17, 2010. The Term Loan Facility will amortize on a quarterly basis over a period of six years, with less than $1 million (or 0.25 percent) of the principal payable quarterly in each of the first 20 quarters and the remainder due at maturity. Principal amounts repaid under the Term Loan Facility may not be re-borrowed.

The Credit Facility is secured by the same aircraft collateral as were pledged to secure the prior bank credit facility, as well as an additional 72 aircraft (consisting of McDonnell Douglas MD-80, Boeing 757-200 and Boeing 767-300 model aircraft). The Credit Facility includes a covenant that requires periodic appraisal of the aircraft at current market value and requires American to pledge more aircraft or cash collateral if the loan amount is more than 50 percent of the appraised value (after giving effect to sublimits for specified categories of aircraft). In addition, the Credit Facility is secured by all of American's existing route authorities between the United States and Tokyo, Japan, together with certain slots, gates and facilities that support the operation of such routes. American's obligations under the Credit Facility are guaranteed by AMR, and AMR's guaranty is secured by a pledge of all the outstanding shares of common stock of American.

The Credit Facility contains a covenant requiring American to maintain, as defined, unrestricted cash, unencumbered short term investments and amounts available for drawing under committed revolving credit facilities of not less than $1.5 billion for each quarterly period through September 30, 2005 and $1.25 billion for each quarterly period thereafter. In addition, the Credit Facility contains a covenant requiring AMR to maintain a ratio of cash flow (defined as consolidated net income, before interest expense (less capitalized interest), income taxes, depreciation and amortization and rentals, adjusted for certain gains or losses and non-cash items) to fixed charges (comprising interest expense (less capitalized interest) and rentals) of at least the amount specified below for each period of four consecutive quarters ending on the dates set forth below:

Four Quarter Period Ending	Cash Flow Coverage Ratio
December 31, 2004	0.90:1.00
March 31, 2005	0.85:1.00
June 30, 2005	0.85:1.00
September 30, 2005	0.90:1.00
December 31, 2005	1.10:1.00
March 31, 2006	1.20:1.00
June 30, 2006	1.25:1.00
September 30, 2006	1.30:1.00
December 31, 2006	1.30:1.00
March 31, 2007	1.35:1.00
June 30, 2007	1.40:1.00
September 30, 2007	1.40:1.00
December 31, 2007	1.40:1.00
March 31, 2008 (and each fiscal quarter thereafter)	1.50:1.00

The Credit Facility also contains customary events of default, including cross defaults to other obligations and certain change of control events. Upon the occurrence of an event of default, the outstanding obligations under the Credit Facility may be accelerated and become due and payable immediately.

American and AMR were in compliance with these covenants as of December 31, 2004.

During the year ended December 31, 2004, AMR Eagle borrowed approximately $646 million (net of discount), under various debt agreements related to the purchase of regional jet aircraft, including certain seller financed agreements. These debt agreements are secured by the related aircraft and have effective interest rates, which are fixed or variable based on LIBOR plus a spread and mature over various periods of time through 2021. As of December 31, 2004, the effective interest rate on these agreements ranged up to 5.35 percent. These debt agreements are guaranteed by AMR.

In addition, in February 2004, American issued $180 million of Fixed Rate Secured Notes due 2009, which bear interest at 7.25 percent. As of December 31, 2004, these notes were secured by certain spare parts and cash collateral.

6. Indebtedness (Continued)

In 2004 the Company issued $324 million principal amount of its 4.50 percent senior convertible notes due 2024 (the 4.50 Notes) and in 2003 the Company issued $300 million principal amount of its 4.25 percent senior convertible notes due 2023 (the 4.25 Notes). Each note is convertible into AMR common stock at a conversion rate of 45.3515 shares for the 4.50 Notes and 57.61 shares for the 4.25 Notes, per $1,000 principal amount of notes (which represents an equivalent conversion price of $22.05 per share for the 4.50 Notes and $17.36 per share for the 4.25 Notes), subject to adjustment in certain circumstances. The notes are convertible under certain circumstances, including if (i) the closing sale price of the Company's common stock reaches a certain level for a specified period of time, (ii) the trading price of the notes as a percentage of the closing sale price of the Company's common stock falls below a certain level for a specified period of time, (iii) the Company calls the notes for redemption, or (iv) certain corporate transactions occur. Holders of the notes may require the Company to repurchase all or any portion of the 4.50 Notes on February 15, 2009, 2014 and 2019 and 4.25 Notes on September 23, 2008, 2013 and 2018 at a purchase price equal to the principal amount of the notes being purchased plus accrued and unpaid interest to the date of purchase. The Company may pay the purchase price in cash, common stock or a combination of cash and common stock. After February 15, 2009 and September 23, 2008, the Company may redeem all or any portion of the 4.50 Notes and 4.25 Notes, respectively, for cash at a price equal to the principal amount of the notes being redeemed plus accrued and unpaid interest as of the redemption date. These notes are guaranteed by American. If the holders of the 4.50 Notes or the 4.25 Notes require the Company to repurchase all or any portion of the notes on the repurchase dates, it is the Company's present intention to satisfy the requirement in cash.

In 2003, American transferred its two headquarters buildings located in Fort Worth, Texas to AA Real Estate Holding L.P., a wholly owned consolidated subsidiary of American. This entity leased the buildings back to American pursuant to a triple-net lease, and used the buildings and the lease as security for a loan consisting of four notes, in the amount of $98 million (net of discount of $2 million), which is reflected as debt in the accompanying consolidated balance sheet of the Company. Each note corresponds to a separate class of AA/Ft. Worth HQ Finance Trust Lease Revenue Commercial Mortgage-Backed Pass-Through Certificates, Series 2003 (the Certificates) issued by the AA/Ft. Worth HQ Finance Trust, which is not a subsidiary of American, in a private placement pursuant to Rule 144A under the Securities Act of 1933. The Certificates and corresponding notes have an average effective interest rate of 7.2 percent and a final maturity in 2010.

In 2002, the Regional Airports Improvement Corporation and the New York City Industrial Development Agency issued facilities sublease revenue bonds at the Los Angeles International Airport and John F. Kennedy International Airport, respectively, to provide reimbursement to American for certain facility construction and other related costs. The Company has recorded the total amount of the issuances of $759 million (net of $38 million discount) as long-term debt on the accompanying consolidated balance sheet as of December 31, 2002. These obligations bear interest at fixed rates, with an average effective rate of 8.5 percent, and mature over various periods of time, with a final maturity in 2028.

Certain debt is secured by aircraft, engines, equipment and other assets having a net book value of approximately $14.0 billion as of December 31, 2004.

As of December 31, 2004, AMR has issued guarantees covering approximately $928 million of American's tax-exempt bond debt and American has issued guarantees covering approximately $1.3 billion of AMR's unsecured debt. In addition, as of December 31, 2004, AMR and American have issued guarantees covering approximately $466 million of AMR Eagle's secured debt, and AMR has issued guarantees covering an additional $2.6 billion of AMR Eagle's secured debt.

Cash payments for interest, net of capitalized interest, were $729 million, $661 million and $564 million for 2004, 2003 and 2002, respectively.

7. Financial Instruments and Risk Management

As part of the Company's risk management program, AMR uses a variety of financial instruments, including fuel option and collar contracts and interest rate swaps. The Company does not hold or issue derivative financial instruments for trading purposes.

The Company is exposed to credit losses in the event of non-performance by counterparties to these financial instruments, but it does not expect any of the counterparties to fail to meet its obligations. The credit exposure related to these financial instruments is represented by the fair value of contracts with a positive fair value at the reporting date, reduced by the effects of master netting agreements. To manage credit risks, the Company selects counterparties based on credit ratings, limits its exposure to a single counterparty under defined guidelines, and monitors the market position of the program and its relative market position with each counterparty. The Company also maintains industry-standard security agreements with a number of its counterparties which may require the Company or the counterparty to post collateral if the value of selected instruments exceed specified mark-to-market thresholds or upon certain changes in credit ratings. The Company's outstanding posted collateral as of December 31, 2004 is included in restricted cash and short-term investments and is not material. A deterioration of the Company's liquidity position may negatively affect the Company's ability to hedge fuel in the future.

Fuel Price Risk Management

American enters into jet fuel, heating oil and crude oil hedging contracts to dampen the impact of the volatility in jet fuel prices. These instruments generally have maturities of up to 36 months. The Company accounts for its fuel option contracts as cash flow hedges and records the fair value of its fuel hedging contracts in Other current assets and Accumulated other comprehensive loss on the accompanying consolidated balance sheets. The Company determines the ineffective portion of its fuel hedge contracts by comparing the cumulative change in the total value of the fuel hedge contract, or group of fuel hedge contracts, to the cumulative change in the forecasted value of the jet fuel being hedged. If the total cumulative change in value of the fuel hedge contract more than offsets the total cumulative change in the forecasted value of the jet fuel being hedged, the difference is considered ineffective and is immediately recognized as a component of Aircraft fuel expense. Effective gains or losses on fuel hedging contracts are deferred in Accumulated other comprehensive loss and are recognized in earnings as a component of Aircraft fuel expense when the underlying jet fuel being hedged is used.

The Company monitors the commodities used in its fuel hedging programs to determine that these commodities are expected to be "highly effective" in offsetting changes in its forecasted jet fuel prices. In doing so, the Company uses a regression model to determine the correlation of the percentage change in prices of the commodities used to hedge jet fuel (e.g., WTI Crude oil and NYMEX Heating oil) to the percentage change in prices of jet fuel over a 36 month period. The fuel hedge contracts are deemed to be "highly effective" if this correlation is within 80 percent to 125 percent.

For the years ended December 31, 2004, 2003 and 2002, the Company recognized net gains of approximately $99 million, $149 million and $4 million, respectively, as a component of fuel expense on the accompanying consolidated statements of operations related to its fuel hedging agreements. The expense related to ineffectiveness included in the net gains recognized in 2004 and 2003 was insignificant. The expense related to ineffectiveness included in the net gain recognized in 2002 was $13 million. The fair value of the Company's fuel hedging agreements at December 31, 2004 and 2003, representing the amount the Company would receive to terminate the agreements, totaled $51 million and $54 million, respectively.

Interest Rate Risk Management

American uses interest rate swap contracts to effectively convert a portion of its fixed-rate capital lease obligations to floating-rate obligations. The Company accounts for its interest rate swap contracts as fair value hedges whereby the fair value of the related interest rate swap agreement is reflected in Other assets with the corresponding liability being recorded as a component of Obligations Under Capital Leases on the accompanying consolidated balance sheets. The Company has no ineffectiveness with regard to its interest rate swap contracts. The fair value of the Company's interest rate swap agreements related to capital lease obligations, representing the amount the Company would receive if the agreements were terminated at December 31, 2004 and 2003, was approximately $4 million and $9 million, respectively.

7. Financial Instruments and Risk Management (Continued)

Foreign Exchange Risk Management

The Company has entered into Japanese yen currency exchange agreements to hedge certain yen-based capital lease obligations (effectively converting these obligations into dollar-based obligations). The Company accounts for its Japanese yen currency exchange agreements as cash flow hedges whereby the fair value of the related Japanese yen currency exchange agreements is reflected in Other liabilities and deferred credits and Accumulated other comprehensive loss on the accompanying consolidated balance sheets. The Company has no ineffectiveness with regard to its Japanese yen currency exchange agreements. The fair values of the Company's yen currency exchange agreements, representing the amount the Company would pay to terminate the agreements, were $23 million and $33 million as of December 31, 2004 and 2003, respectively. The exchange rates on the Japanese yen agreements range from 66.5 to 99.65 yen per U.S. dollar.

Fair Values of Financial Instruments

The fair values of the Company's long-term debt were estimated using quoted market prices where available. For long-term debt not actively traded, fair values were estimated using discounted cash flow analyses, based on the Company's current incremental borrowing rates for similar types of borrowing arrangements. The carrying amounts and estimated fair values of the Company's long-term debt, including current maturities, were (in millions):

	December 31,			
	2004		2003	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Secured variable and fixed rate indebtedness	$ 6,340	$ 5,333	$ 6,041	$ 5,399
Enhanced equipment trust certificates	3,707	3,578	3,747	3,454
6.0% - 8.5% special facility revenue bonds	946	797	947	797
Credit facility agreement	850	852	834	834
4.25% - 4.50 % senior convertible notes	619	451	300	309
9.0% - 10.20% debentures	330	224	330	267
7.88% - 10.55% notes	303	197	303	257
Other	—	—	2	2
	$ 13,095	$ 11,432	$ 12,504	$ 11,319

8. Income Taxes

The significant components of the income tax benefit for loss before cumulative effect of accounting change were (in millions):

	Year Ended December 31,		
	2004	2003	2002
Current	$ —	$ (80)	$ (863)
Deferred	—	—	(474)
	$ —	$ (80)	$ (1,337)

The income tax provision/(benefit) includes a federal income tax provision/(benefit) of $(4) million, $(76) million and $(1,235) million and state and other income tax provision/(benefit) of $4 million, $(4) million and $(102) million for the years ended December 31, 2004, 2003 and 2002, respectively.

The income tax benefit for loss before cumulative effect of accounting change differed from amounts computed at the statutory federal income tax rate as follows (in millions):

	Year Ended December 31,		
	2004	2003	2002
Statutory income tax benefit	$ (266)	$ (458)	$ (1,351)
State income tax expense/(benefit), net of federal tax effect	(14)	(31)	(103)
IRS audit settlement	—	(80)	—
Meal expense	9	11	16
Expiration of foreign tax credits	—	9	39
Deferred tax assets not benefited	255	465	50
Other, net	16	4	12
Income tax benefit	$ —	$ (80)	$ (1,337)

The change in valuation allowance in 2004 and 2003 related primarily to net operating loss carryforwards. The change in valuation allowance in 2002 related to the Company's uncertainty regarding the realization of the foreign tax credit carryforwards and state net operating losses

Additionally, as of December 31, 2004 and 2003, the recording of other comprehensive income items, primarily the minimum pension liability, resulted in a decrease to the deferred tax asset and the related valuation allowance. As of December 31, 2002, the recording of other comprehensive income items, primarily the minimum pension liability, resulted in a net deferred tax asset. As a result, a valuation allowance was recorded as a component of Accumulated other comprehensive income. The total increase in the valuation allowance was $170 million, $293 million, and $363 million in 2004, 2003, and 2002, respectively.

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

8. Income Taxes (Continued)

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

	December 31, 2004	December 31, 2003
Deferred tax assets:		
Postretirement benefits other than pensions	$ 1,082	$ 1,067
Rent expense	696	851
Alternative minimum tax credit carryforwards	423	427
Operating loss carryforwards	2,065	1,228
Pensions	536	525
Frequent flyer obligation	267	467
Gains from lease transactions	197	212
Other	598	693
Total deferred tax assets	5,864	5,470
Valuation allowance	(833)	(663)
Net deferred tax assets	5,031	4,807
Deferred tax liabilities:		
Accelerated depreciation and amortization	(4,620)	(4,441)
Other	(411)	(366)
Total deferred tax liabilities	(5,031)	(4,807)
Net deferred tax liability	$ —	$ —

At December 31, 2004, the Company had available for federal income tax purposes an alternative minimum tax credit carryforward of approximately $423 million, which is available for an indefinite period, and federal net operating losses of approximately $5.4 billion for regular tax purposes, which will expire, if unused, beginning in 2022. The Company had available for state income tax purposes net operating losses of $3.8 billion, which expire, if unused, in years 2005 through 2024. The amount that will expire in 2005 is $28 million.

Cash payments for income taxes were $3 million for 2004. Cash refunds for income taxes were $575 million and $646 million for 2003 and 2002, respectively. The amounts received in 2003 and 2002 relate primarily to net operating loss carryback claims, including a carryback claim filed as a result of a provision in Congress' economic stimulus package that changes the period for carrybacks of net operating losses (NOLs). This change allows the Company to carry back 2001 and 2002 NOLs for five years, rather than two years under the previous law, allowing the Company to more quickly recover its NOLs.

9. Stock Awards and Options

In March 2003, the Board of Directors of AMR approved the issuance of additional shares of AMR common stock to employees and certain vendors, lessors, lenders and suppliers in connection with negotiations concerning concessions. The maximum number of shares authorized for issuance was approximately 46.9 million shares. From the foregoing authorization, the Company issued approximately 2.5 million shares to Vendors from treasury stock in 2003, resulting in a re-allocation from Treasury stock to Additional paid-in capital of $142 million. Also in 2003, the Company established the 2003 Employee Stock Incentive Plan (the 2003 Plan) to provide equity awards to employees (from the above shares authorized for issuance) in connection with the Labor Agreements and Management Reductions discussed in Note 2. Under the 2003 Plan, employees may be granted stock options, restricted stock and deferred stock. The total number of shares authorized for distribution under the 2003 Plan is 42,680,000 shares.

9. Stock Awards and Options (Continued)

Under the 1998 Long Term Incentive Plan, as amended, officers and key employees of AMR and its subsidiaries may be granted stock options, stock appreciation rights (SARs), restricted stock, deferred stock, stock purchase rights, other stock-based awards and/or performance-related awards, including cash bonuses. The total number of common shares authorized for distribution under the 1998 Long Term Incentive Plan is 23,700,000 shares. The 1998 Long Term Incentive Plan, the successor to the 1988 Long Term Incentive Plan, will terminate no later than May 21, 2008.

Options granted under the 1988 and 1998 Long Term Incentive Plans (collectively, the LTIP Plans) and the 2003 Plan are awarded with an exercise price equal to the fair market value of the stock on date of grant, become exercisable in equal annual installments over periods ranging from two to five years following the date of grant and expire no later than ten years from the date of grant. As of December 31, 2004, approximately 7.4 million shares were available for future grant under the LTIP Plans and the 2003 Plan.

In May 1997, in conjunction with a labor agreement reached between American and members of the Allied Pilots Association (APA), the Company established the Pilots Stock Option Plan (The Pilot Plan). The Pilot Plan granted members of the APA the option to purchase 11.5 million shares of AMR stock at $41.69 per share (after giving effect to the 1998 stock-split), $5 less than the average fair market value of the stock on the date of grant. These shares were exercisable immediately. In conjunction with the Sabre spin-off (March 2000), the exercise price was adjusted to $17.59 per share.

Stock option activity under the LTIP Plans, the Pilot Plan and the 2003 Plan was:

	Year Ended December 31,					
	2004		2003		2002	
	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
Outstanding at January 1	68,883,709	$ 13.08	30,842,767	$ 23.66	29,327,611	$ 23.49
Granted	1,679,625	9.16	40,751,272	5.39	2,495,500	25.86
Exercised	(1,173,541)	6.05	(112,432)	13.28	(197,393)	23.63
Canceled	(1,504,080)	13.45	(2,597,898)	17.92	(782,951)	24.90
Outstanding at December 31	67,885,713	$ 13.09	68,883,709	$ 13.08	30,842,767	$ 23.66
Exercisable at December 31	37,049,571	$ 17.13	22,912,273	$ 22.36	20,557,681	$ 21.31

The following table summarizes information about the stock options outstanding at December 31, 2004:

Range of Exercise Prices	Number of Options Outstanding	Weighted Average Remaining Life (years)	Weighted Average Exercise Price	Number of Options Exercisable	Weighted Average Exercise Price
$ 1–$ 5	35,507,293	8.30	$ 5.00	11,819,198	$ 5.00
$ 5–$20	15,512,858	4.05	15.43	11,806,585	17.13
$20–$30	10,525,292	5.29	24.68	8,373,263	24.61
Over $30	6,340,270	5.46	33.44	5,050,525	33.12
	67,885,713	6.60	$ 13.09	37,049,571	$ 17.13

9. Stock Awards and Options (Continued)

The weighted-average grant date fair value per share (calculated using a Black-Scholes option pricing model) of all stock option awards granted during 2004, 2003 and 2002 was $4.23, $2.32 and $11.42, respectively.

Shares of deferred stock were awarded at no cost to officers and key employees under the LTIP Plans' Career Equity Program and will be issued upon the individual's retirement from AMR or, in certain circumstances, will vest on a pro rata basis. Deferred stock activity was:

	Year Ended December 31,		
	2004	2003	2002
Outstanding at January 1	2,463,061	3,596,508	4,785,712
Issued	(213,092)	(858,262)	(1,091,149)
Canceled	(49,305)	(275,185)	(98,055)
Outstanding at December 31	2,200,664	2,463,061	3,596,508

A performance share plan was implemented in 1993 under the terms of which shares of deferred stock are awarded at no cost to officers and key employees under the LTIP Plans and, beginning in 2003, under the 2003 Plan. The fair value of the performance shares granted is equal to the market price of the Company's stock at the date of grant. The shares vest over a three-year performance period based upon certain specified financial measures of the Company. Performance share activity was:

	Year Ended December 31,		
	2004	2003	2002
Outstanding at January 1	1,570,498	1,230,104	2,486,802
Granted	550	512,885	507,350
Issued	(153,549)	—	(178,596)
Awards settled in cash	(540,749)	—	(495,897)
Canceled	(46,616)	(172,491)	(1,089,555)
Outstanding at December 31	830,134	1,570,498	1,230,104

The weighted-average grant date fair value per share of performance share awards granted during 2004, 2003 and 2002 was $16.36, $10.50 and $25.98, respectively.

In 2004, 2003 and 2002, the total charge for stock compensation expense included in wages, salaries and benefits expense, primarily related to the Company's performance share plan, was $21 million, $20 million and $9 million, respectively. No compensation expense was recognized for stock option grants under the LTIP Plans or the 2003 Plan, since the exercise price was equal to the fair market value of the underlying stock on the date of grant.

10. Retirement Benefits

All employees of the Company may participate in pension plans if they meet the plans' eligibility requirements. The defined benefit plans provide benefits for participating employees based on years of service and average compensation for a specified period of time before retirement. The Company uses a December 31 measurement date for all of its defined benefit plans. American's pilots also participate in a defined contribution plan for which Company contributions are determined as a percentage of participant compensation.

Effective January 1, 2001, American established a defined contribution plan for non-contract employees in which the Company will match the employees' before-tax contribution on a dollar-for-dollar basis, up to 5.5 percent of their pensionable pay. During 2000, American provided a one-time election for current non-contract employees to remain in the defined benefit plan or discontinue accruing future credited service in the defined benefit plan as of January 1, 2001 and begin participation in the defined contribution plan. Effective January 1, 2002, all new non-contract employees of the Company become members of the defined contribution plan.

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

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

In the second quarter of 2003, as a result of the Labor Agreements and Management Reductions discussed in Note 2, the Company remeasured its defined benefit pension plans. The significant actuarial assumptions used for the remeasurement were the same as those used as of December 31, 2002, except for the discount rate and salary scale, which were lowered to 6.50 percent, and 2.78 percent through 2008 and 3.78 percent thereafter, respectively. In addition, assumptions with respect to interest rates used to discount lump sum benefit payments available under certain plans were updated. As a result of workforce reductions related to the Labor Agreements and Management Reductions, the Company recognized a curtailment loss of $46 million in 2003 related to its defined benefit pension plans, which is included in Special charges in the accompanying consolidated statements of operations. Net periodic benefit cost for defined benefit pension plans in 2003 includes eight months of expense calculated based upon the revised measurement.

10. Retirement Benefits (Continued)

The following table provides a reconciliation of the changes in the defined benefit plans' benefit obligations and fair value of assets for the years ended December 31, 2004 and 2003, and a statement of funded status as of December 31, 2004 and 2003 (in millions):

	Pension Benefits		Other Benefits	
	2004	2003	2004	2003
Reconciliation of benefit obligation				
Obligation at January 1	$ 8,894	$ 8,757	$ 3,263	$ 3,299
Service cost	358	370	75	85
Interest cost	567	569	202	218
Actuarial (gain) loss	647	(96)	(81)	(138)
Plan amendments	27	(90)	—	(58)
Benefit payments	(471)	(554)	(156)	(143)
Curtailments	—	(60)	—	—
Settlements	—	(2)	—	—
Obligation at December 31	$ 10,022	$ 8,894	$ 3,303	$ 3,263
Reconciliation of fair value of plan assets				
Fair value of plan assets at January 1	$ 6,230	$ 5,323	$ 120	$ 100
Actual return on plan assets	1,109	1,268	18	25
Employer contributions	467	195	169	138
Benefit payments	(471)	(554)	(156)	(143)
Settlements	—	(2)	—	—
Fair value of plan assets at December 31	$ 7,335	$ 6,230	$ 151	$ 120
Funded status				
Accumulated benefit obligation (ABO)	$ 9,158	$ 8,209	$ —	$ —
Projected benefit obligation (PBO)	10,022	8,894	—	—
Accumulated postretirement benefit obligation (APBO)	—	—	3,303	3,263
Fair value of assets	7,335	6,230	151	120
Funded status at December 31	(2,687)	(2,664)	(3,152)	(3,143)
Unrecognized loss	1,698	1,649	311	407
Unrecognized prior service cost	186	173	(71)	(81)
Unrecognized transition asset	(2)	(3)	—	—
Net amount recognized	$ (805)	$ (845)	$ (2,912)	$ (2,817)

As of December 31, 2004 and 2003, the accumulated benefit obligation exceeded the fair value of plan assets for all of the Company's defined benefit plans.

At December 31, 2004 and 2003, pension benefit plan assets of $116 million and $52 million, respectively, and other benefits plan assets of approximately $149 million and $118 million, respectively, were invested in shares of mutual funds managed by a subsidiary of AMR.

10. Retirement Benefits (Continued)

The following tables provide the components of net periodic benefit cost for the years ended December 31, 2004, 2003 and 2002 (in millions):

	Pension Benefits		
	2004	2003	2002
Components of net periodic benefit cost			
Defined benefit plans:			
Service cost	$ 358	$ 370	$ 352
Interest cost	567	569	569
Expected return on assets	(569)	(473)	(501)
Amortization of:			
Transition asset	(1)	(1)	(1)
Prior service cost	14	18	21
Unrecognized net loss	58	106	49
Curtailment loss	—	46	—
Settlement loss	—	—	33
Net periodic benefit cost for defined benefit plans	427	635	522
Defined contribution plans	163	181	213
Total	$ 590	$ 816	$ 735

	Other Benefits		
	2004	2003	2002
Components of net periodic benefit cost			
Service cost	$ 75	$ 85	$ 77
Interest cost	202	218	207
Expected return on assets	(11)	(9)	(9)
Amortization of:			
Prior service cost	(10)	(9)	(6)
Unrecognized net loss	8	20	—
Net periodic benefit cost	$ 264	$ 305	$ 269

The following table provides the amounts recognized in the accompanying consolidated balance sheets as of December 31, 2004 and 2003 (in millions):

	Pension Benefits		Other Benefits	
	2004	2003	2004	2003
Prepaid benefit cost	$ 5	$ 3	$ —	$ —
Accrued benefit liability	(810)	(848)	(2,912)	(2,817)
Additional minimum liability	(1,021)	(1,138)	—	—
Intangible asset	194	182	—	—
Accumulated other comprehensive loss	827	956	—	—
Net amount recognized	$ (805)	$ (845)	$ (2,912)	$ (2,817)

10. Retirement Benefits (Continued)

	Pension Benefits		Other Benefits	
	2004	2003	2004	2003
Weighted-average assumptions used to determine benefit obligations as of December 31				
Discount rate	6.00%	6.25%	6.00%	6.25%
Salary scale (ultimate)	3.78	3.78	—	—

	Pension Benefits		Other Benefits	
	2004	2003	2004	2003
Weighted-average assumptions used to determine net periodic benefit cost for the years ended December 31				
Discount rate	6.25%	6.57%	6.25%	6.57%
Salary scale (ultimate)	3.78	3.78	—	—
Expected return on plan assets	9.00	9.00	9.00	9.00

The Company estimates the long-term rate of return on plan assets will be nine percent, based on the target asset allocation as of December 31, 2004. Expected returns on longer duration bonds are based on yields to maturity of the bonds held at year-end. Expected returns on other assets are based on a combination of long-term historical returns, actual returns on plan assets achieved over the last ten years, current and expected market conditions, and expected value to be generated through active management, currency overlay and securities lending programs. The Company's annualized ten-year rate of return on plan assets, as of December 31, 2004, was approximately 13.3 percent.

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

	2004	2003
Long duration bonds	38%	35%
U.S. stocks	31	32
International stocks	21	22
Emerging markets stocks and bonds	6	6
Alternative (private) investments	4	5
Total	100%	100%

The Company's target asset allocation is 40 percent longer duration corporate and U.S. government/agency bonds, 25 percent U.S. value stocks, 20 percent developed international stocks, five percent emerging markets stocks and bonds, and ten percent alternative (private) investments. Each asset class is actively managed and the plans' assets have produced returns, net of management fees, in excess of the expected rate of return over the last ten years. Stocks and emerging market bonds are used to provide diversification and are expected to generate higher returns over the long-term than longer duration U.S. bonds. Public stocks are managed using a value investment approach in order to participate in the returns generated by stocks in the long-term, while reducing year-over-year volatility. Longer duration U.S. bonds are used to partially hedge the assets from declines in interest rates. Alternative (private) investments are used to provide expected returns in excess of the public markets over the long-term. Additionally, the Company engages currency overlay managers in an attempt to increase returns by protecting non-U.S. dollar denominated assets from a rise in the relative value of the U.S. dollar. The Company also participates in securities lending programs in order to generate additional income by loaning plan assets to borrowers on a fully collateralized basis.

10. Retirement Benefits (Continued)

	Pre-65 Individuals		Post-65 Individuals	
	2004	2003	2004	2003
Assumed health care trend rates at December 31				
Health care cost trend rate assumed for next year	4.5%	5.0%	10.0%	11.0%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	4.5%	4.5%	4.5%	4.5%
Year that the rate reaches the ultimate trend rate	2005	2005	2010	2010

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

	One Percent Increase	One Percent Decrease
Impact on 2004 service and interest cost	$ 27	$ (25)
Impact on postretirement benefit obligation as of December 31, 2004	$ 244	$ (233)

The Company expects to contribute approximately $310 million to its defined benefit pension plans and $13 million to its postretirement benefit plan in 2005. In addition to making contributions to its postretirement benefit plan, the Company funds the majority of the benefit payments under this plan. The Company's estimate of its defined benefit pension plan contributions reflects the provisions of the Pension Funding Equity Act of 2004. The effect of the Pension Funding Equity Act was to defer a portion of the minimum required contributions that would have been due for the 2004 and 2005 plan years.

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

	Pension	Other
2005	$ 460	$ 193
2006	488	187
2007	557	195
2008	591	201
2009	690	208
2010 – 2014	3,498	1,119

11. Goodwill and Other Intangible Assets

Effective January 1, 2002, the Company adopted Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" (SFAS 142). SFAS 142 requires the Company to test goodwill and indefinite-lived intangible assets (for AMR, route acquisition costs) for impairment rather than amortize them. In so doing, the Company determined its entire goodwill balance of $1.4 billion was impaired. In arriving at this conclusion, the Company's net book value was determined to be in excess of the Company's fair value at January 1, 2002, using AMR as the reporting unit for purposes of the fair value determination. The Company determined its fair value as of January 1, 2002 using market capitalization as the primary indicator of fair value. As a result, the Company recorded a one-time, non-cash charge, effective January 1, 2002, of $988 million ($6.35 per share, net of a tax benefit of $363 million) to write-off all of AMR's goodwill. The tax benefit of $363 million differed from the amount computed at the statutory federal income tax rate due to a portion of AMR's goodwill not being deductible for federal tax purposes. The charge is nonoperational in nature and is reflected as a cumulative effect of accounting change in the accompanying consolidated statements of operations.

The Company had route acquisition costs (including international slots) of $829 million as of December 31, 2004 and 2003. The Company's impairment analysis for route acquisition costs did not result in an impairment charge in 2004 or 2003.

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

	2004		
	Cost	Accumulated Amortization	Net Book Value
Amortized intangible assets:			
Airport operating rights	$ 517	$ 220	$ 297
Gate lease rights	186	89	97
Total	$ 703	$ 309	$ 394

	2003		
	Cost	Accumulated Amortization	Net Book Value
Amortized intangible assets:			
Airport operating rights	$ 517	$ 199	$ 318
Gate lease rights	191	85	106
Total	$ 708	$ 284	$ 424

Airport operating and gate lease rights are being amortized on a straight-line basis over 25 years to a zero residual value. The Company recorded amortization expense related to these intangible assets of approximately $29 million for the year ended December 31, 2004 and $28 million for each of the years ended December 31, 2003 and 2002. The Company expects to record annual amortization expense of approximately $28 million in each of the next five years related to these intangible assets.

12. Accumulated Other Comprehensive Loss

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

	Minimum Pension Liability	Unrealized Gain/(Loss) on Investments	Unrealized Gain/(Loss) on Derivative Financial Instruments	Income Tax Benefit	Total
Balance at December 31, 2001	$ (171)	$ 10	$ (75)	$ 90	$ (146)
Current year net change	(1,122)	(6)	—	—	(1,128)
Reclassification of derivative financial instruments into earnings	—	—	5	—	5
Change in fair value of derivative financial instruments	—	—	138	—	138
Income tax benefit	—	—	—	55	55
Balance at December 31, 2002	(1,293)	4	68	145	(1,076)
Current year net change	337	(3)	—	—	334
Reclassification of derivative financial instruments into earnings	—	—	(146)	—	(146)
Change in fair value of derivative financial instruments	—	—	103	—	103
Balance at December 31, 2003	(956)	1	25	145	(785)
Current year net change	129	(4)	—	—	125
Reclassification of derivative financial instruments into earnings	—	—	(89)	—	(89)
Change in fair value of derivative financial instruments	—	—	85	—	85
Balance at December 31, 2004	$ (827)	$ (3)	$ 21	$ 145	$ (664)

As of December 31, 2004, the Company estimates during the next twelve months it will reclassify from Accumulated other comprehensive loss into net earnings (loss) approximately $13 million in net gains related to its cash flow hedges.

13. Loss Per Share

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

	Year Ended December 31,		
	2004	2003	2002
Numerator:			
Numerator for loss per share – loss before cumulative effect of accounting change	$ (761)	$ (1,228)	$ (2,523)
Denominator:			
Denominator for basic and diluted loss per share – weighted-average shares	161	158	156
Basic and diluted loss per share before cumulative effect of accounting change	$ (4.74)	$ (7.76)	$ (16.22)

For the years ended December 31, 2004, 2003 and 2002, approximately 52 million, 31 million and four million potential dilutive shares, respectively, were not added to the denominator because inclusion of such shares would be antidilutive.

In October 2004, the Financial Accounting Standards Board ratified the consensus on EITF Issue No. 04-08, “The Effect of Contingently Convertible Debt on Diluted Earnings Per Share,” (EITF 04-08). EITF 04-08 is effective for periods ending after December 15, 2004 and requires shares issuable upon conversion of the 4.50 Notes and 4.25 Notes to be included in the calculation of fully diluted earnings per share unless the inclusion of such shares would be antidilutive.

14. Segment Reporting

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

American is the largest scheduled passenger airline in the world. At the end of 2004, American provided scheduled jet service to approximately 150 destinations throughout North America, the Caribbean, Latin America, Europe and the Pacific. American is also one of the largest scheduled air freight carriers in the world, providing a full range of freight and mail services to shippers throughout its system. AMR Eagle owns two regional airlines, which do business as “American Eagle” - - American Eagle Airlines, Inc. and Executive Airlines, Inc. The American Eagle carriers provide connecting service from eight of American’s high-traffic cities to smaller markets throughout the United States, Canada, and the Caribbean.

14. Segment Reporting (Continued)

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

The Company's operating revenues by geographic region are summarized below (in millions):

	Year Ended December 31,		
	2004	2003	2002
Domestic	$ 12,192	$ 12,687	$ 12,556
Latin America	3,115	2,477	2,530
Europe	2,678	1,980	1,921
Pacific	660	296	413
Total consolidated revenues	$ 18,645	$ 17,440	$ 17,420

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

15. Quarterly Financial Data (Unaudited)

Unaudited summarized financial data by quarter for 2004 and 2003 (in millions, except per share amounts):

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2004				
Operating revenues	$ 4,512	$ 4,830	$ 4,762	$ 4,541
Operating income (loss)	42	196	(27)	(355)
Net earnings (loss)	(166)	6	(214)	(387)
Earnings (loss) per share:				
Basic	(1.03)	0.04	(1.33)	(2.40)
Diluted	(1.03)	0.03	(1.33)	(2.40)
2003				
Operating revenues	$ 4,120	$ 4,324	$ 4,605	$ 4,391
Operating income (loss)	(869)	87	165	(227)
Net earnings (loss)	(1,043)	(75)	1	(111)
Earnings (loss) per share:				
Basic and diluted	(6.68)	(0.47)	—	(0.70)

15. Quarterly Financial Data (Unaudited) (Continued)

The following table summarizes the Special charges and U.S. government grant reimbursement recorded by the Company by quarter (in millions):

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2004				
Aircraft charges	$ —	$ (20)	$ —	$ 21
Employee charges	—	(11)	—	42
Facility exit costs	—	—	(18)	(3)
Total Special charges	$ —	$ (31)	$ (18)	$ 60
2003				
Aircraft charges	$ —	$ (20)	$ 39	$ 302
Employee charges	25	47	4	16
Facility exit costs	—	49	1	12
Other	—	—	(68)	—
Total Special charges	$ 25	$ 76	$ (24)	$ 330
U.S. government grant	$ —	$ (358)	$ —	$ —

See Note 2 for a further discussion of Special charges and U.S. government grant.

In addition to the above items, in the fourth quarter of 2004, the Company recognized a $146 million gain on the sale of the Company's remaining interest in Orbitz.

In addition, in the fourth quarter of 2003, the Company reached an agreement with the IRS covering tax years 1990 through 1995. As a result of this agreement, the Company recorded an $80 million tax benefit to reduce previously accrued income tax liabilities and an $84 million reduction in interest expense to reduce previously accrued interest related to the accrued income tax liabilities.

Also in the fourth quarter of 2003, the Company recognized an $80 million gain on the sale of the Company's investment in Hotwire and a $70 million gain related to an Orbitz initial public offering and a related secondary offering.

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

None.

ITEM 9A. CONTROLS AND PROCEDURES

Management's Evaluation of Disclosure Controls and Procedures

The term "disclosure controls and procedures" is defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, or the Exchange Act. This term refers to the controls and procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the Securities and Exchange Commission. An evaluation was performed under the supervision and with the participation of the Company's management, including the Chief Executive Officer (CEO) and Chief Financial Officer (CFO), of the effectiveness of the Company's disclosure controls and procedures as of December 31, 2004. Based on that evaluation, the Company's management, including the CEO and CFO, concluded that the Company's disclosure controls and procedures were effective as of December 31, 2004. During the quarter ending on December 31, 2004, there was no change in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Management's Report on Internal Control over Financial Reporting

Management of the Company is responsible for establishing and maintaining effective internal control over financial reporting as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

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

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2004 using the criteria set forth in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management believes that, as of December 31, 2004, the Company's internal control over financial reporting was effective based on those criteria.

Management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2004, has been audited by Ernst & Young LLP, the independent registered public accounting firm who also audited the Company's consolidated financial statements. Ernst & Young LLP's attestation report on management's assessment of the Company's internal control over financial reporting appears below.

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

/s/ James A. Beer
James A. Beer
Senior Vice President and Chief Financial Officer

Report of Independent Registered Public Accounting Firm on Internal Control over Financial Reporting

The Board of Directors and Shareholders
AMR Corporation

We have audited management's assessment, included in the accompanying Management's Report on Internal Control over Financial Reporting, that AMR Corporation maintained effective internal control over financial reporting as of December 31, 2004, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). AMR Corporation's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the company's internal control over financial reporting based on our audit.

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

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

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

In our opinion, management's assessment that AMR Corporation maintained effective internal control over financial reporting as of December 31, 2004, is fairly stated, in all material respects, based on the COSO criteria. Also, in our opinion, AMR Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2004, based on the COSO criteria**.**

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of AMR Corporation as of December 31, 2004 and 2003 and the related consolidated statements of operations, stockholders' equity (deficit) and cash flows for each of the three years in the period ended December 31, 2004. Our report dated February 22, 2005 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Dallas, Texas
February 22, 2005

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Incorporated herein by reference from the Company's definitive proxy statement for the annual meeting of stockholders on May 18, 2005. Information concerning the executive officers is included in Part I of this report on page 17 and information concerning the Company's code of ethics in included in Part I of this report on page 11.

ITEM 11. EXECUTIVE COMPENSATION

Incorporated herein by reference from the Company's definitive proxy statement for the annual meeting of stockholders on May 18, 2005.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Equity Compensation Plan Information

	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in the first column)
Equity compensation plans approved by security holders	19,878,941	$ 25.62	7,018,866**
Equity compensation plans not approved by security holders	48,006,772*	$ 7.90	3,527,436***
Total	67,885,713	$ 13.09	10,546,302

* Represents 9,948,144 options granted under the Pilot Stock Option Plan and 38,058,628 options granted under the 2003 Employee Stock Incentive Plan (the ESIP). The Pilot Stock Option Plan and the ESIP were implemented in accordance with the rules of the New York Stock Exchange.

** Includes 4,324,933 shares available for future grant under the 1998 Long Term Incentive Plan, as amended, and shares granted but not vested and issued under the following programs: 380,232 shares of deferred stock available for issue under the Performance Share Program, 2,200,664 shares of deferred stock available for issue under the Career Equity Program and 113,037 shares available for issue under the 1994 Stock Incentive Plan for Directors.

*** Includes 3,077,534 shares available for future grant under the ESIP and 449,902 shares granted but not vested and issued under the Performance Share Program.

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

The information required by Item 403 of Regulation S-K is incorporated herein by reference from the Company's definitive proxy statement for the annual meeting of stockholders on May 18, 2005.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Incorporated herein by reference from the Company's definitive proxy statement for the annual meeting of stockholders on May 18, 2005.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Incorporated herein by reference from the Company's definitive proxy statement for the annual meeting of stockholders on May 18, 2005.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

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

(2) The following financial statement schedule and Independent Auditors' Report are filed as part of this report:

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

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

Exhibit

3.1 Restated Certificate of Incorporation of AMR, incorporated by reference to AMR's Registration Statement on Form S-4, file number 33-55191.

3.2 Bylaws of AMR Corporation, amended as of April 24, 2003, incorporated by reference to Exhibit 3.2 to AMR's report on Form 10-Q for the quarterly period ended September 30, 2003.

3.3 Amendments to the AMR Corporation Certificate of Incorporation, incorporated by reference to AMR's report on Form 10-Q for the quarterly period ended September 30, 2003.

10.1 Compensation and Benefit Agreement relative to the retirement of Robert L. Crandall, between AMR and Robert L. Crandall, dated September 18, 1998, incorporated by reference to Exhibit 10.3 to AMR's report on Form 10-K for the year ended December 31, 1998.

10.2 Description of informal arrangement relating to deferral of payment of directors' fees, incorporated by reference to Exhibit 10(c)(11) to American's Registration Statement No. 2-76709.

10.3 AMR Corporation 2004 Directors Unit Incentive Plan, incorporated by reference to Exhibit 10.4 to AMR's report on Form 10-Q for the quarterly period ended March 31, 2004.

10.4 Deferred Compensation Agreement, dated as of December 18, 2001 between AMR and John W. Bachmann, incorporated by reference to Exhibit 10.5 to AMR's report on Form 10-Q for the quarterly period ended June 30, 2002, as filed on July 19, 2002.

10.5 Deferred Compensation Agreement, dated as of November 16, 2002 between AMR and John W. Bachmann, incorporated by reference to Exhibit 10.27 to AMR's report on Form 10-K for the year ended December 31, 2002.

10.6 Deferred Compensation Agreement, dated as of January 12, 2004 between AMR and John W. Bachmann, incorporated by reference to Exhibit 10.5 to AMR's report on Form 10-K for the year ended December 31, 2003.

10.7 Deferred Compensation Agreement, dated as of December 8, 2004 between AMR and John W. Bachmann.

10.8 Deferred Compensation Agreement, dated as of June 1, 1998, between AMR and Edward A. Brennan, incorporated by reference to Exhibit 10.15 to AMR's report on Form 10-K for the year ended December 31, 1998.

10.9 Deferred Compensation Agreement, dated as of January 11, 2000, between AMR and Edward A. Brennan, incorporated by reference to Exhibit 10.15(a) to AMR's report on Form 10-K for the year ended December 31, 1999.

10.10 Changes to the Deferred Compensation Agreement, dated as of June 2, 1998, between AMR and Edward A. Brennan, incorporated by reference to Exhibit 10.14 to AMR's report on Form 10-K for the year ended December 31, 2000.

10.11 Deferred Compensation Agreement, dated as of December 18, 2001 between AMR and Edward A. Brennan, incorporated by reference to Exhibit 10.2 to AMR's report on Form 10-Q for the quarterly period ended June 30, 2002, as filed on July 19, 2002.

10.12 Deferred Compensation Agreement, dated as of November 14, 2002 between AMR and Edward A. Brennan incorporated by reference to Exhibit 10.24 to AMR's report on Form 10-K for the year ended December 31, 2002.

10.13 Deferred Compensation Agreement, dated as of January 12, 2004 between AMR and Edward A. Brennan, incorporated by reference to Exhibit 10.11 to AMR's report on Form 10-K for the year ended December 31, 2003.

10.14 Deferred Compensation Agreement, dated as of December 8, 2004 between AMR and Edward A. Brennan.

10.15 Deferred Compensation Agreement, dated as of April 30, 2003 between AMR and David L. Boren, incorporated by reference to Exhibit 10.1 to AMR's report on Form 10-Q for the quarterly period ended March 31, 2003.

10.16 Deferred Compensation Agreement, dated as of January 12, 2004 between AMR and David L. Boren, incorporated by reference to Exhibit 10.13 to AMR's report on Form 10-K for the year ended December 31, 2003.

10.17 Deferred Compensation Agreement, dated as of December 8, 2004 between AMR and David L. Boren.

10.18 Deferred Compensation Agreement, dated as of February 19, 1998, between AMR and Armando M. Codina, incorporated by reference to Exhibit 10.15 to AMR's report on Form 10-K for the year ended December 31, 1997.

10.19 Deferred Compensation Agreement, dated as of January 13, 1999, between AMR and Armando M. Codina, incorporated by reference to Exhibit 10.19 to AMR's report on Form 10-K for the year ended December 31, 1998.

10.20 Deferred Compensation Agreement, dated as of January 12, 2000, between AMR and Armando M. Codina, incorporated by reference to Exhibit 10.20 to AMR's report on Form 10-K for the year ended December 31, 1999.

10.21 Deferred Compensation Agreement, dated as of January 22, 2001, between AMR and Armando M. Codina, incorporated by reference to Exhibit 10.20 to AMR's report on Form 10-K for the year ended December 31, 2000.

10.22 Deferred Compensation Agreement, dated as of December 18, 2001 between AMR and Armando M. Codina, incorporated by reference to Exhibit 10.6 to AMR's report on Form 10-Q for the quarterly period ended June 30, 2002, as filed on July 19, 2002.

10.23 Deferred Compensation Agreement, dated as of December 13, 2002 between AMR and Armando M. Codina, incorporated by reference to Exhibit 10.28 to AMR's report on Form 10-K for the year ended December 31, 2002.

10.24 Deferred Compensation Agreement, dated as of January 12, 2004 between AMR and Armando M. Codina, incorporated by reference to Exhibit 10.20 to AMR's report on Form 10-K for the year ended December 31, 2003.

10.25 Deferred Compensation Agreement, dated as of December 8, 2004 between AMR and Armando M. Codina.

10.26 Deferred Compensation Agreement, dated as of April 30, 2003 between AMR and Earl G. Graves, incorporated by reference to Exhibit 10.2 to AMR's report on Form 10-Q for the quarterly period ended March 31, 2003.

10.27 Deferred Compensation Agreement, dated as of January 12, 2004 between AMR and Earl G. Graves, incorporated by reference to Exhibit 10.22 to AMR's report on Form 10-K for the year ended December 31, 2003.

10.28 Deferred Compensation Agreement, dated as of December 8, 2004 between AMR and Earl G. Graves.

10.29 Deferred Compensation Agreement, dated as of April 30, 2003 between AMR and Ann M. Korologos, incorporated by reference to Exhibit 10.3 to AMR's report on Form 10-Q for the quarterly period ended March 31, 2003.

10.30 Deferred Compensation Agreement, dated as of January 12, 2004 between AMR and Ann M. Korologos, incorporated by reference to Exhibit 10.24 to AMR's report on Form 10-K for the year ended December 31, 2003.

10.31 Deferred Compensation Agreement, dated as of December 8, 2004 between AMR and Ann M. Korologos.

10.32 Deferred Compensation Agreement, dated as of April 30, 2003 between AMR and Michael A. Miles, incorporated by reference to Exhibit 10.4 to AMR's report on Form 10-Q for the quarterly period ended March 31, 2003.

10.33 Deferred Compensation Agreement, dated as of January 12, 2004 between AMR and Michael A. Miles, incorporated by reference to Exhibit 10.26 to AMR's report on Form 10-K for the year ended December 31, 2003.

10.34 Deferred Compensation Agreement, dated as of December 8, 2004 between AMR and Michael A. Miles.

10.35 Deferred Compensation Agreement, dated as of January 19, 2001, between AMR and Philip J. Purcell, incorporated by reference to Exhibit 10.26 to AMR's report on Form 10-K for the year ended December 31, 2000.

10.36 Deferred Compensation Agreement, dated as of December 18, 2001 between AMR and Philip J. Purcell, incorporated by reference to Exhibit 10.7 to AMR's report on Form 10-Q for the quarterly period ended June 30, 2002, as filed on July 19, 2002.

10.37 Deferred Compensation Agreement, dated as of November 15, 2002 between AMR and Philip J. Purcell, incorporated by reference to Exhibit 10.29 to AMR's report on Form 10-K for the year ended December 31, 2002.

10.38 Deferred Compensation Agreement, dated as of January 12, 2004 between AMR and Philip J. Purcell, incorporated by reference to Exhibit 10.30 to AMR's report on Form 10-K for the year ended December 31, 2003.

10.39 Deferred Compensation Agreement, dated as of December 8, 2004 between AMR and Philip J. Purcell.

10.40 Deferred Compensation Agreement, dated as of January 14, 2002 between AMR and Joe M. Rodgers, incorporated by reference to Exhibit 10.3 to AMR's report on Form 10-Q for the quarterly period ended June 30, 2002, as filed on July 19, 2002.

10.41 Deferred Compensation Agreement, dated as of November 22, 2002 between AMR and Joe M. Rodgers, incorporated by reference to Exhibit 10.25 to AMR's report on Form 10-K for the year ended December 31, 2002.

10.42 Deferred Compensation Agreement, dated as of April 30, 2003 between AMR and Joe M. Rodgers, incorporated by reference to Exhibit 10.5 to AMR's report on Form 10-Q for the quarterly period ended March 31, 2003.

10.43 Deferred Compensation Agreement, dated as of January 12, 2004 between AMR and Joe M. Rodgers, incorporated by reference to Exhibit 10.34 to AMR's report on Form 10-K for the year ended December 31, 2003.

10.44 Deferred Compensation Agreement, dated as of December 8, 2004 between AMR and Joe M. Rodgers.

10.45 Deferred Compensation Agreement, dated as of July 16, 1997, between AMR and Judith Rodin, incorporated by reference to Exhibit 10.22 to AMR's report on Form 10-K for the year ended December 31, 1997.

10.46 Deferred Compensation Agreement, dated as of February 19, 1998, between AMR and Judith Rodin, incorporated by reference to Exhibit 10.23 to AMR's report on Form 10-K for the year ended December 31, 1997.

10.47 Deferred Compensation Agreement, dated as of January 7, 1999, between AMR and Judith Rodin, incorporated by reference to Exhibit 10.30 to AMR's report on Form 10-K for the year ended December 31, 1998.

10.48 Deferred Compensation Agreement, dated as of January 12, 2000, between AMR and Judith Rodin, incorporated by reference to Exhibit 10.29 to AMR's report on Form 10-K for the year ended December 31, 1999.

10.49 Deferred Compensation Agreement, dated as of January 22, 2001, between AMR and Judith Rodin, incorporated by reference to Exhibit 10.25 to AMR's report on Form 10-K for the year ended December 31, 2000.

10.50 Deferred Compensation Agreement, dated as of December 18, 2001 between AMR and Judith Rodin, incorporated by reference to Exhibit 10.4 to AMR's report on Form 10-Q for the quarterly period ended June 30, 2002, as filed on July 19, 2002.

10.51 Deferred Compensation Agreement, dated as of November 20, 2002 between AMR and Judith Rodin, incorporated by reference to Exhibit 10.26 to AMR's report on Form 10-K for the year ended December 31, 2002.

10.52 Deferred Compensation Agreement, dated as of January 12, 2004 between AMR and Judith Rodin, incorporated by reference to Exhibit 10.42 to AMR's report on Form 10-K for the year ended December 31, 2003.

10.53 Deferred Compensation Agreement, dated as of December 8, 2004 between AMR and Judith Rodin.

10.54 Deferred Compensation Agreement, dated as of December 18, 2001 between AMR and Roger T. Staubach, incorporated by reference to Exhibit 10.1 to AMR's report on Form 10-Q for the quarterly period ended June 30, 2002, as filed on July 19, 2002.

10.55 Deferred Compensation Agreement, dated as of November 18, 2002 between AMR and Roger T. Staubach, incorporated by reference to Exhibit 10.23 to AMR's report on Form 10-K for the year ended December 31, 2002.

10.56 Deferred Compensation Agreement, dated as of January 12, 2004 between AMR and Roger T. Staubach, incorporated by reference to Exhibit 10.45 to AMR's report on Form 10-K for the year ended December 31, 2003.

10.57 Deferred Compensation Agreement, dated as of December 8, 2004 between AMR and Roger T. Staubach.

10.58 American Airlines, Inc. 2004 Employee Profit Sharing Plan, incorporated by reference to Exhibit 10.1 to AMR's report on Form 10-Q for the quarterly period ended March 31, 2004.

10.59 American Airlines, Inc. 2004 Annual Incentive Plan, incorporated by reference to Exhibit 10.2 to AMR's report on Form 10-Q for the quarterly period ended March 31, 2004.

10.60 American Airlines, Inc. 2005 Annual Incentive Plan, incorporated by reference to Exhibit 99.1 to AMR's current report on Form 8-K dated February 4, 2005.

10.61 AMR Corporation 1998 Long-Term Incentive Plan, as amended, incorporated by reference to Exhibit 10.46 to AMR's report on Form 10-K for the year ended December 31, 2003.

10.62 AMR Corporation 2003 Employee Stock Incentive Plan, incorporated by reference to Exhibit 10.31 to AMR's report on Form 10-K for the year ended December 31, 2002.

10.63 Current form of Stock Option Agreement under the 1998 Long-Term Incentive Plan, as amended, incorporated by reference to Exhibit 10.1 to AMR's report on Form 10-Q for the quarterly period ended September 30, 2003.

10.64 Current form of Stock Option Agreement under the 1998 Long-Term Incentive Plan, as amended.

10.65 Current form of Stock Option Agreement under the 2003 Employee Stock Incentive Plan, incorporated by reference to Exhibit 10.49 to AMR's report on Form 10-K for the year ended December 31, 2003.

10.66 Current form of Stock Option Agreement under the 2003 Employee Stock Incentive Plan.

10.67 Current form of Career Equity Program Deferred Stock Award Agreement for Corporate Officers under the AMR 1998 Long-Term Incentive Plan, incorporated by reference to Exhibit 10.41 to AMR's report on Form 10-K for the year ended December 31, 1998.

10.68 Current form of Career Equity Program Deferred Stock Award Agreement for non-officers under the AMR 1998 Long-Term Incentive Plan, incorporated by reference to Exhibit 10.42 to AMR's report on Form 10-K for the year ended December 31, 1998.

10.69 Current form of Career Equity Program Deferred Stock Award Agreement for Senior Officers under the AMR 1998 Long-Term Incentive Plan, incorporated by reference to Exhibit 10.42(a) to AMR's report on Form 10-K for the year ended December 31, 1998.

10.70 Current form of Career Equity Program Deferred Stock Award Agreement for Employees under the AMR 1998 Long-Term Incentive Plan, incorporated by reference to Exhibit 10.44 to AMR's report on Form 10-K for the year ended December 31, 1999.

10.71 Current form of Deferred Stock Award Agreement, incorporated by reference to Exhibit 10.54 to AMR's report on Form 10-K for the year ended December 31, 2003.

10.72 Current form of Deferred Stock Award Agreement under the AMR 1998 Long-Term Incentive Plan, as amended.

10.73 Current form of Deferred Unit Award Agreement.

10.74 AMR Corporation 2001 – 2003 Performance Share Plan for Officers and Key Employees under the 1998 Long-Term Incentive Plan, as amended, incorporated by reference to Exhibit 10.52 to AMR's report on Form 10-K for the year ended December 31, 2000.

10.75 AMR Corporation 2001 – 2003 Performance Share Program Deferred Stock Award Agreement under the 1998 Long-Term Incentive Program, as amended, incorporated by reference to Exhibit 10.53 to AMR's report on Form 10-K for the year ended December 31, 2000.

10.76 AMR Corporation 2002 — 2004 Performance Share Plan for Officers and Key Employees under the 1998 Long-Term Incentive Plan, as amended, incorporated by reference to Exhibit 10.10 to AMR's report on Form 10-Q for the quarterly period ended June 30, 2002, as filed on July 19, 2002.

10.77 AMR Corporation 2002 — 2004 Performance Share Program Deferred Stock Award Agreement under the 1998 Long-Term Incentive Plan, as amended, incorporated by reference to Exhibit 10.11 to AMR's report on Form 10-Q for the quarterly period ended June 30, 2002, as filed on July 19, 2002.

10.78 AMR Corporation 2003 – 2005 Performance Unit Plan for Officers and Key Employees, incorporated by reference to Exhibit 10.41 to AMR's report on Form 10-K for the year ended December 31, 2002.

10.79 AMR Corporation 2003 – 2005 Performance Unit Agreement, incorporated by reference to Exhibit 10.60 to AMR's report on Form 10-K for the year ended December 31, 2003.

10.80 AMR Corporation 2004 – 2006 Performance Unit Plan for Officers and Key Employees, as amended, incorporated by reference to Exhibit 10.1 to AMR's report on Form 10-Q for the quarterly period ended June 30, 2004.

10.81 AMR Corporation 2004 – 2006 Performance Unit Agreement.

10.82 Amended and Restated Executive Termination Benefits Agreement between AMR, American Airlines and Gerard J. Arpey, dated May 21, 1998, incorporated by reference to Exhibit 10.61 to AMR's report on Form 10-K for the year ended December 31, 1998.

10.83 Amended and Restated Executive Termination Benefits Agreement between AMR, American Airlines and Peter M. Bowler, dated May 21, 1998, incorporated by reference to Exhibit 10.63 to AMR's report on Form 10-K for the year ended December 31, 1998.

10.84 Amended and Restated Executive Termination Benefits Agreement between AMR, American Airlines and Daniel P. Garton, dated May 21, 1998, incorporated by reference to Exhibit 10.66 to AMR's report on Form 10-K for the year ended December 31, 1998.

10.85 Amended and Restated Executive Termination Benefits Agreement between AMR, American Airlines and Monte E. Ford, dated November 15, 2000, incorporated by reference to Exhibit 10.74 to AMR's report on Form 10-K for the year ended December 31, 2000.

10.86 Amended and Restated Executive Termination Benefits Agreement between AMR, American Airlines and Henry C. Joyner, dated January 19, 2000, incorporated by reference to Exhibit 10.74 to AMR's report on Form 10-K for the year ended December 31, 1999.

10.87 Amended and Restated Executive Termination Benefits Agreement between AMR, American Airlines and Charles D. MarLett, dated May 21, 1998, incorporated by reference to Exhibit 10.70 to AMR's report on Form 10-K for the year ended December 31, 1998.

10.88 Amended and Restated Executive Termination Benefits Agreement between AMR, American Airlines and William K. Ris, Jr., dated October 20, 1999, incorporated by reference to Exhibit 10.79 to AMR's report on Form 10-K for the year ended December 31, 1999.

10.89 Amended and Restated Executive Termination Benefits Agreement between AMR, American Airlines and Ralph L. Richardi dated September 26, 2002, incorporated by reference to Exhibit 10.54 to AMR's report on Form 10-K for the year ended December 31, 2002.

10.90 Amended and Restated Executive Termination Benefits Agreement between AMR, American Airlines and Gary F. Kennedy dated February 3, 2003, incorporated by reference to Exhibit 10.55 to AMR's report on Form 10-K for the year ended December 31, 2002.

10.91 Amended and Restated Executive Termination Benefits Agreement between AMR, American Airlines and Robert W. Reding dated May 20, 2003, incorporated by reference to Exhibit 10.71 to AMR's report on Form 10-K for the year ended December 31, 2003.

10.92 Amended and Restated Executive Termination Benefits Agreement between AMR, American Airlines and James A. Beer dated January 5, 2004, incorporated by reference to Exhibit 10.72 to AMR's report on Form 10-K for the year ended December 31, 2003.

10.93 Employment agreement between AMR, American Airlines and William K. Ris, Jr. dated November 11, 1999, incorporated by reference to Exhibit 10.73 to AMR's report on Form 10-K for the year ended December 31, 2003.

10.94 Employment agreement between AMR, American Airlines and Robert W. Reding dated May 21, 2003.

10.95 Amended and Restated Executive Termination Benefits Agreement between AMR, American Airlines and Jeffrey J. Brundage dated April 1, 2004, incorporated by reference to Exhibit 10.5 to AMR's report on Form 10-Q for the quarterly period ended March 31, 2004.

10.96 Supplemental Executive Retirement Program for Officers of American Airlines, Inc., as amended on October 15, 2002, incorporated by reference to Exhibit 10.60 to AMR's report on Form 10-K for the year ended December 31, 2002.

10.97 Trust Agreement under Supplemental Retirement Program for Officers of American Airlines, Inc., dated October 14, 2002, incorporated by reference to Exhibit 10.61 to AMR's report on Form 10-K for the year ended December 31, 2002.

10.98 Aircraft Purchase Agreement by and between American Airlines, Inc. and The Boeing Company, dated October 31, 1997, incorporated by reference to Exhibit 10.48 to AMR's report on Form 10-K for the year ended December 31, 1997. Confidential treatment was granted as to a portion of this document.

10.99 Letter Agreement dated November 17, 2004 and Purchase Agreement Supplements dated January 11, 2005 between the Boeing Company and American Airlines, Inc. Portions of the exhibit have been omitted pursuant to a request for confidential treatment.

10.100 Aircraft Purchase Agreement by and between AMR Eagle Holding Corporation and Bombardier Inc., dated January 31, 1998, incorporated by reference to Exhibit 10.49 to AMR's report on Form 10-K for the year ended December 31, 1997. Confidential treatment was granted as to a portion of this document.

10.101 Aircraft Purchase Agreement by and between AMR Eagle, Inc. and Embraer-Empresa Brasileira de Aeronautica S.A., dated December 22, 1997, incorporated by reference to Exhibit 10.50 to AMR's report on Form 10-K for the year ended December 31, 1997. Confidential treatment was granted as to a portion of this document.

10.102	Aircraft Purchase Agreement by and between AMR Eagle Holding Corporation and Embraer-Empresa Brasileira de Aeronautica S.A., dated September 30, 1998, incorporated by reference to Exhibit 10.76 to AMR's report on Form 10-K for the year ended December 31, 1998. Confidential treatment was granted as to a portion of this document.
10.103	Credit Agreement dated as of December 17, 2004, among American Airlines, Inc., AMR Corporation, the Lenders from time to time party thereto, Citicorp USA, Inc., as Administrative Agent for the Lenders, JPMorgan Chase Bank, N.A., as Syndication Agent and Citigroup Global Markets Inc. and J.P. Morgan Securities Inc., as Joint Lead Arrangers and Joint Book-Running Managers.
12	Computation of ratio of earnings to fixed charges for the years ended December 31, 2004, 2003, 2002, 2001 and 2000.
21	Significant subsidiaries of the registrant as of December 31, 2004.
23	Consent of Independent Registered Public Accounting Firm.
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a).
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a).
32	Certification pursuant to Rule 13a-14(b) and section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code).

(b) Reports on Form 8-K:

Form 8-Ks filed under Item 1.01 – Entry into a Material Definitive Agreement

On November 22, 2004, AMR filed a report on Form 8-K to announce an agreement with The Boeing Company to defer the date of delivery of certain Boeing model 737-823 and 777-223 aircraft.

Form 8-Ks filed under Item 1.01 – Entry into a Material Definitive Agreement, Item 2.03 Creation of a Direct Financial Obligation or an Obligation Under an Off-Balance Sheet Arrangement of the Registrant and Item 9.01 Financial Statements and Exhibits

On December 20, 2004, AMR filed a report on Form 8-K to announce that American had successfully completed the refinancing of its $834 million revolving bank credit facility.

Form 8-Ks furnished under Item 2.02 – Results of Operations and Financial Condition

On October 20, 2004, AMR filed a report on Form 8-K to provide a press release issued on October 20, 2004 to report the Company's third quarter 2004 earnings.

Form 8-Ks filed under Item 5.02 – Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers

On November 17, 2004, AMR filed a report on Form 8-K to provide a press release issued on November 17, 2004 to report the election of Matthew K. Rose to the Board of Directors of AMR Corporation.

Form 8-Ks furnished under Item 7.01 — Regulation FD Disclosure

On October 7, 2004, AMR furnished a report on Form 8-K to announce AMR's intent to host a conference call on October 20, 2004 with the financial community relating to its third quarter 2004 earnings.

On November 1, 2004, AMR filed a report on Form 8-K to announce AMR's intent to host an analyst meeting on November 3, 2004.

On November 8, 2004, AMR filed a report on Form 8-K to announce that James Beer, Senior Vice President of Finance and CFO of AMR Corporation, would be speaking at 19th annual Smith Barney Citigroup Transportation Conference on November 9, 2004.

Form 8-Ks filed under Item 8.01 – Other Events

On October 6, 2004, AMR filed a report on Form 8-K to provide a press release issued to report September traffic for American Airlines, Inc.

On November 3, 2004, AMR filed a report on Form 8-K to provide a press release issued to report October traffic for American Airlines, Inc.

On December 3, 2004, AMR filed a report on Form 8-K to provide a press release issued to report November traffic for American Airlines, Inc.

On December 28, 2004, AMR filed a report on Form 8-K to provide actual fuel cost, unit cost and capacity and traffic information for October and November as well as certain forecasts of unit cost, revenue performance and fuel prices, capacity estimates, liquidity expectations and other matters for December, the fourth quarter and the full year 2004.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AMR CORPORATION

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

Date: February 25, 2005

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

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

/s/ James A. Beer
James A. Beer
Senior Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

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

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

/s/ Edward A. Brennan
Edward A. Brennan, Director

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

/s/ Earl G. Graves
Earl G. Graves, Director

/s/ Ann McLaughlin Korologos
Ann McLaughlin Korologos, Director

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

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

/s/ Joe M. Rodgers
Joe M. Rodgers, Director

/s/ Judith Rodin
Judith Rodin, Director

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

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

Date: February 25, 2005

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
AMR Corporation

We have audited the consolidated financial statements of AMR Corporation as of December 31, 2004 and 2003 and for each of the three years in the period ended December 31, 2004 and have issued our report thereon dated February 22, 2005. Our audits also included Schedule II – Valuation and Qualifying Accounts and Reserves. This schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits.

In our opinion, the financial statement schedule referred to above, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

/s/ Ernst & Young LLP

Dallas, Texas
February 22, 2005

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

	Balance at beginning of year	Changes charged to statement of operations accounts	Payments	Write-offs (net of recoveries)	Sales, retire-ments and transfers	Balance at end of year
Year ended December 31, 2004						
Allowance for obsolescence of inventories	$ 428	$ 38	$ —	$ —	$ (87)	$ 379
Allowance for uncollectible accounts	62	9	—	(12)	—	59
Reserves for environmental remediation costs	72	(2)	(8)	—	—	62
Allowance for insurance receivable	22	—	—	—	—	22
Year ended December 31, 2003						
Allowance for obsolescence of inventories	450	71	—	—	(93)	428
Allowance for uncollectible accounts	66	14	—	(18)	—	62
Reserves for environmental remediation costs	92	(12)	(8)	—	—	72
Allowance for insurance receivable	12	10	—	—	—	22
Year ended December 31, 2002						
Allowance for obsolescence of inventories	383	71	—	—	(4)	450
Allowance for uncollectible accounts	52	27	—	(13)	—	66
Reserves for environmental remediation costs	84	25	(17)	—	—	92
Allowance for insurance receivable	—	12	—	—	—	12

Exhibit 10.7

December 8, 2004

Mr. John W. Bachmann
Edward Jones
12555 Manchester Road
St. Louis, MO 63131-3279

Dear John:

This will confirm the following agreement relating to the deferral of your director's fees in 2005.

1. All director's fees and retainers ("Fees") payable to you in connection with your service on the boards of directors (including committees of such boards) of AMR Corporation and American Airlines, Inc. for the period January 1, 2005 through December 31, 2005, will be deferred and paid to you in accordance with this letter agreement.

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

3. Within 30 days of the date when you cease to be a Director of AMR Corporation, the Stock Equivalent Units accrued in 2005 pursuant to the Plan will be converted to cash and paid to you by multiplying the number of such Stock Equivalent Units by the arithmetic mean of the high and the low of AMR stock ("fair market value") during the month when you ceased to be a Director of AMR Corporation.

4. In the event of your death, the number of Stock Equivalent Units as of your date of death will be multiplied by the fair market value of AMR stock during the calendar month immediately preceding your death, and the amount paid to Katharine Bachmann.

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

Very truly yours,

Charles D. MarLett
Corporate Secretary

Accepted and agreed:

/s/ John W. Bachmann
- -------------------------
John W. Bachmann

12/23/04
- -------------------------
Date

Exhibit 10.14

December 8, 2004

Mr. Edward A. Brennan
400 North Michigan Avenue
Suite 400
Chicago, IL 60611

Dear Ed:

This will confirm the following agreement relating to the deferral of your director's fees in 2005.

1. All director's fees and retainers ("Fees") payable to you in connection with your service on the boards of directors (including committees of such boards) of AMR Corporation and American Airlines, Inc. for the period January 1, 2005 through December 31, 2005, will be deferred and paid to you in accordance with this letter agreement.

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

3. Within 30 days of the date when you cease to be a Director of AMR Corporation (the "Departure Date"), the Stock Equivalent Units accrued in 2005 pursuant to the Plan will be paid to you as follows:

a) 20% of such units on the 30th day following the Departure Date;

b) 20% of such units on the 1st anniversary of the Departure Date;

c) 20% of such units on the 2nd anniversary of the Departure Date;

d) 20% of such units on the 3rd anniversary of the Departure Date;

e) 20% of such units on the 4th anniversary of the Departure Date;

The payment will be calculated by multiplying the number of Stock Equivalent Units to be paid by the arithmetic mean of the high and low of AMR stock during the month immediately preceding the payment date.

4. In the event of your death, the number of Stock Equivalent Units as of your date of death will be multiplied by the fair market value of AMR stock during the calendar month immediately preceding your death, and the amount paid to Lois Brennan.

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

Very truly yours,

Charles D. MarLett
Corporate Secretary

Accepted and agreed:

/s/ Edward A. Brennan
- ------------------------
Edward A. Brennan

12/16/04
- ------------------------
Date

Exhibit 10.17

December 8, 2004

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

Dear David:

This will confirm the following agreement relating to the deferral of your director's fees in 2005.

1. All director's fees and retainers ("Fees") payable to you in connection with your service on the boards of directors (including committees of such boards) of AMR Corporation and American Airlines, Inc. for the period January 1, 2005 through December 31, 2005 , will be deferred and paid to you in accordance with this letter agreement.

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

3. Within 30 days of the date when you cease to be a Director of AMR Corporation, the Stock Equivalent Units accrued in 2005 pursuant to the Plan will be converted to cash and paid to you by multiplying the number of such Stock Equivalent Units by the arithmetic mean of the high and the low of AMR stock during the month when you ceased to be a Director of AMR Corporation.

4. In the event of your death, the cash payment contemplated by paragraph 3 will be made to your named beneficiary under the Director's Term Life Insurance Policy maintained by the Corporation.

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

Very truly yours,

Charles D. MarLett
Corporate Secretary

Accepted and agreed:

/s/ David L. Boren
- ------------------------
David L. Boren

12/15/2004
- ------------------------
Date

Exhibit 10.25

December 8, 2004

Mr. Armando M. Codina
Chairman
Codina Group, Inc.
355 Alhambra Circle, Suite 900
Coral Gables, FL 33134

Dear Armando:

This will confirm the following agreement relating to the deferral of your director's fees in 2005.

1. All director's fees and retainers ("Fees") payable to you in connection with your service on the boards of directors (including committees of such boards) of AMR Corporation and American Airlines, Inc. for the period January 1, 2005 through December 31, 2005, will be deferred and paid to you in accordance with this letter agreement.

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

3. On or before January 31, 2015, the Stock Equivalent Units accrued in 2005 pursuant to this agreement will be converted to cash and paid to you by multiplying the number of such Stock Equivalent Units as of December 31, 2014, by the arithmetic mean of the high and low of AMR stock ("fair market value") during December 2014.

4. In the event of your death, the number of Stock Equivalent Units as of your date of death will be multiplied by the fair market value of AMR stock during the calendar month immediately preceding your death, and the amount paid to Margarita Codina.

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

Very truly yours,

Charles D. MarLett
Corporate Secretary

Accepted and agreed:

/s/ Armando M. Codina
- --------------------------
Armando M. Codina

12/14/2004
- --------------------------
Date

Exhibit 10.28

December 8, 2004

Mr. Earl G. Graves
Chairman and CEO
Earl G. Graves Ltd.
130 Fifth Avenue
New York, New York 10011

Dear Earl:

This will confirm the following agreement relating to the deferral of your director's fees in 2005.

1. All director's fees and retainers ("Fees") payable to you in connection with your service on the boards of directors (including committees of such boards) of AMR Corporation and American Airlines, Inc. for the period January 1, 2005 through December 31, 2005 , will be deferred and paid to you in accordance with this letter agreement.

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

3. Within 30 days of the date when you cease to be a Director of AMR Corporation, the Stock Equivalent Units accrued in 2005 pursuant to the Plan will be converted to cash and paid to you by multiplying the number of such Stock Equivalent Units by the arithmetic mean of the high and the low of AMR stock during the month when you ceased to be a Director of AMR Corporation.

4. In the event of your death, the cash payment contemplated by paragraph 3 will be made to your named beneficiary under the Director's Term Life Insurance Policy maintained by the Corporation.

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

Very truly yours,

Charles D. MarLett
Corporate Secretary

Accepted and agreed:

/s/ Earl G. Graves
- ------------------------
Earl G. Graves

12/29/04
- ------------------------
Date

Exhibit 10.31

December 8, 2004

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

Dear Ann:

This will confirm the following agreement relating to the deferral of your director's fees in 2005.

1. All director's fees and retainers ("Fees") payable to you in connection with your service on the boards of directors (including committees of such boards) of AMR Corporation and American Airlines, Inc. for the period January 1, 2005 through December 31, 2005 , will be deferred and paid to you in accordance with this letter agreement.

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

3. Within 30 days of the date when you cease to be a Director of AMR Corporation, the Stock Equivalent Units accrued in 2005 pursuant to the Plan will be converted to cash and paid to you by multiplying the number of such Stock Equivalent Units by the arithmetic mean of the high and the low of AMR stock during the month when you ceased to be a Director of AMR Corporation.

4. In the event of your death, the cash payment contemplated by paragraph 3 will be made to your named beneficiary under the Director's Term Life Insurance Policy maintained by the Corporation.

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

Very truly yours,

Charles D. MarLett
Corporate Secretary

Accepted and agreed:

/s/ Ann M. Korologos
- ------------------------
Ann M. Korologos

12/21/2004
- ------------------------
Date

Exhibit 10.34

December 8, 2004

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

Dear Mike:

This will confirm the following agreement relating to the deferral of your director's fees in 2005.

1. All director's fees and retainers ("Fees") payable to you in connection with your service on the boards of directors (including committees of such boards) of AMR Corporation and American Airlines, Inc. for the period January 1, 2005 through December 31, 2005 , will be deferred and paid to you in accordance with this letter agreement.

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

3. Within 30 days of the date when you cease to be a Director of AMR Corporation, the Stock Equivalent Units accrued in 2005 pursuant to the Plan will be converted to cash and paid to you by multiplying the number of such Stock Equivalent Units by the arithmetic mean of the high and the low of AMR stock during the month when you ceased to be a Director of AMR Corporation.

4. In the event of your death, the cash payment contemplated by paragraph 3 will be made to your named beneficiary under the Director's Term Life Insurance Policy maintained by the Corporation.

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

Very truly yours,

Charles D. MarLett
Corporate Secretary

Accepted and agreed:

/s/ Michael A. Miles
- ------------------------
Michael A. Miles

12/13/04
- ------------------------
Date

Exhibit 10.39

December 8, 2004

Mr. Philip J. Purcell
Morgan Stanley
2500 Lake Cook Road
Riverwoods, IL 60015

Dear Phil:

This will confirm the following agreement relating to the deferral of your director's fees in 2005.

1. All director's fees and retainers ("Fees") payable to you in connection with your service on the boards of directors (including committees of such boards) of AMR Corporation and American Airlines, Inc. for the period January 1, 2005 through December 31, 2005, will be deferred and paid to you in accordance with this letter agreement.

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

3. Within 30 days of the date when you cease to be a Director of AMR Corporation, the Stock Equivalent Units accrued in 2005 pursuant to the Plan will be converted to cash and paid to you by multiplying the number of such Stock Equivalent Units by the arithmetic mean of the high and the low of AMR stock ("fair market value") during the month when you ceased to be a Director of AMR Corporation.

4. In the event of your death, the number of Stock Equivalent Units as of your date of death will be multiplied by the fair market value of AMR stock during the calendar month immediately preceding your death, and the amount paid to Anne Purcell.

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

Very truly yours,

Charles D. MarLett
Corporate Secretary

Accepted and agreed:

/s/ Philip J. Purcell
- -------------------------
Philip J. Purcell

12/14/04
- -------------------------
Date

Exhibit 10.44

December 8, 2004

Mr. Joe M. Rodgers
Chairman
The JMR Group
P. O. Box 158838
Nashville, TN 37215-8838

Dear Joe:

This will confirm the following agreement relating to the deferral of your director's fees in 2005.

1. All director's fees and retainers ("Fees") payable to you in connection with your service on the boards of directors (including committees of such boards) of AMR Corporation and American Airlines, Inc. for the period January 1, 2005 through December 31, 2005, will be deferred and paid to you in accordance with this letter agreement.

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

3. Within 30 days of the date when you cease to be a Director of AMR Corporation, the Stock Equivalent Units accrued in 2005 pursuant to the Plan will be converted to cash and paid to you by multiplying the number of such Stock Equivalent Units by the arithmetic mean of the high and the low of AMR stock during the month when you ceased to be a Director of AMR Corporation.

4. In the event of your death, the cash payment contemplated by paragraph 3 will be made to your named beneficiary under the Director's Term Life Insurance Policy maintained by the Corporation.

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

Very truly yours,

Charles D. MarLett
Corporate Secretary

Accepted and agreed:

/s/ Joe M. Rodgers
- ------------------------
Joe M. Rodgers

12/15/04
- ------------------------
Date

Exhibit 10.53

December 8, 2004

Judith Rodin, PhD.
President
University of Pennsylvania
100 College Hall
Philadelphia, PA 19104

Dear Judith:

This will confirm the following agreement relating to the deferral of your director's fees in 2005.

1. All director's fees and retainers ("Fees") payable to you in connection with your service on the boards of directors (including committees of such boards) of AMR Corporation and American Airlines, Inc. for the period January 1, 2005 through December 31, 2005, will be deferred and paid to you in accordance with this letter agreement.

2. Interest will be accrued on the amounts to be paid on a deferred basis pursuant to paragraph 1 above, from the date such fees would otherwise have been paid to the date actually paid, at the prime rate which The Chase Manhattan Bank (National Association) from time to time charges in New York for 90-day loans to responsible commercial borrowers, such interest to be compounded monthly.

3. The total amount to be paid on a deferred basis plus the aggregate amount of interest accrued thereon will be paid to you in a lump sum distribution within 30 days of the date when you cease to be a Director of AMR Corporation.

4. In the event of your death, the number of Stock Equivalent Units as of your date of death will be multiplied by the fair market value of AMR stock during the calendar month immediately preceding your death, and the amount paid to the Trustees under your Revocable Agreement of Trust, dated September 15, 1997, as amended November 3, 1997, Judith Rodin Settlor and Trustee.

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

Very truly yours,

Charles D. MarLett
Corporate Secretary

Accepted and agreed:

/s/ Judith Rodin
- ----------------
Judith Rodin

12/15/04
- --------------
Date

Exhibit 10.57

December 8, 2004

Mr. Roger T. Staubach
Chairman & CEO
The Staubach Company
15601 Dallas Parkway
Suite 400
Addison, TX 75001

Dear Roger:

This will confirm the following agreement relating to the deferral of your director's fees in 2005.

1. All director's fees and retainers ("Fees") payable to you in connection with your service on the boards of directors (including committees of such boards) of AMR Corporation and American Airlines, Inc. for the period January 1, 2005 through December 31, 2005, will be deferred and paid to you in accordance with this letter agreement.

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

3. Within 30 days of the date when you cease to be a Director of AMR Corporation, the Stock Equivalent Units accrued in 2005 pursuant to the Plan will be converted to cash and paid to you by multiplying the number of such Stock Equivalent Units by the arithmetic mean of the high and the low of AMR stock during the month when you ceased to be a Director of AMR Corporation.

4. In the event of your death, the cash payment contemplated by paragraph 3 will be made to Marianne Staubach.

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

Very truly yours,

Charles D. MarLett
Corporate Secretary

Accepted and agreed:

/s/ Roger T. Staubach
- ------------------------
Roger T. Staubach

12/14/04
- ------------------------
Date

STOCK OPTION
1998 LONG TERM INCENTIVE PLAN, AS AMENDED

STOCK OPTION granted JULY 26, 2004, by AMR Corporation, a Delaware corporation (the "Corporation"), and FNAME LNAME, employee number 000000, an employee of the Corporation or one of its Subsidiaries or Affiliates (the "Optionee").

W I T N E S S E T H:

WHEREAS, the stockholders of the Corporation approved the 1998 Long Term Incentive Plan at the Corporation's annual meeting held on May 20, 1998 (such plan, as may be amended from time to time, to be referenced the "1998 Plan");

WHEREAS, the 1998 Plan provides for the grant of an option to purchase shares of the Corporation's Common Stock (as later defined) to those individuals selected by the Committee or, in lieu thereof, the Board of Directors of AMR Corporation (the "Board"); and

WHEREAS, the Board has determined that the Optionee is eligible under the Plan and that it is to the advantage and interest of the Corporation to grant the option provided for herein to the Optionee as an incentive for Optionee to remain in the employ of the Corporation or one of its Subsidiaries or Affiliates, and to encourage ownership by the Optionee of the Corporation's Common Stock, $1 par value (the "Common Stock").

NOW, THEREFORE:

1. Option Grant. The Corporation hereby grants to the Optionee a non-qualified stock option, subject to the terms and conditions hereinafter set forth, to purchase all or any part of an aggregate of XX,000 shares of Common Stock at a price of $XX.XX per share (being the fair market value of the Common Stock on the date hereof), exercisable in approximately equal installments on and after the following dates and with respect to the following number of shares of Common Stock:

Exercisable On and After	Number of Shares
7/26/2005	X,XXX
7/26/2006	X,XXX
7/26/2007	X,XXX
7/26/2008	X,XXX
7/26/2009	X,XXX

provided, that in no event shall this option be exercisable in whole or in part ten years from the date hereof and that the Corporation shall in no event be obligated to issue fractional shares. The right to exercise this option and to purchase the number of shares comprising each such installment shall be cumulative, and once such right has become exercisable it may be exercised in whole at any time and in part from time to time until the date of termination of the Optionee's rights hereunder.

2. Restriction on Exercise. Notwithstanding any other provision hereof, this option shall not be exercised if at such time such exercise or the delivery of certificates representing shares of Common Stock purchased pursuant hereto shall constitute a violation of any rule of the Corporation, any provision of any applicable Federal or State statute, rule or regulation, or any rule or regulation of any securities exchange on which the Common Stock may be listed.

3. Manner of Exercise. This option may be exercised with respect to all or any part of the shares of Common Stock then subject to such exercise pursuant to whatever procedures may be adopted by the Corporation. In the event that at the time of such exercise the shares of Common Stock as to which this option is exercisable have not been registered under the Securities Act of 1933, the Optionee will make a representation that he/she is acquiring the shares of Common Stock for investment only and not with a view to distribution. Subject to compliance by the Optionee with all the terms and conditions hereof, the Corporation or its agent shall promptly thereafter deliver to the Optionee a certificate or certificates for such shares with all requisite transfer stamps attached. (In the event of a cashless exercise, the Corporation or its agent will pay to the Optionee the appropriate cash amount, less required withholdings.)

4. Termination of Option. This option shall terminate and may no longer be exercised if (i) the Optionee ceases to be an employee of the Corporation or one of its Subsidiaries or Affiliates; or (ii) the Optionee becomes an employee of a Subsidiary that is not wholly owned, directly or indirectly, by the Corporation; or (iii) the Optionee takes a leave of absence without reinstatement rights, unless otherwise agreed in writing between the Corporation (or one of its Subsidiaries or Affiliates) and the Optionee; except that

(a) If the Optionee's employment by the Corporation (or any Subsidiary or Affiliate) terminates by reason of death, the vesting of the option will be accelerated and the option will remain exercisable until its expiration;

(b) If the Optionee's employment by the Corporation (or any Subsidiary or Affiliate) terminates by reason of Disability, the option will continue to vest in accordance with its terms and may be exercised until its expiration; provided, however, that if the Optionee dies after such Disability the vesting of the option will be accelerated and the option will remain exercisable until its expiration;

(c) Subject to Section 7(c), if the Optionee's employment by the Corporation (or any Subsidiary or Affiliate) terminates by reason of Normal or Early Retirement, the option will continue to vest in accordance with its terms and may be exercised until its expiration; provided, however, that if the Optionee dies after Retirement the vesting of the option will be accelerated and the option will remain exercisable until its expiration;

(d) If the Optionee's employment by the Corporation (or any Subsidiary or Affiliate) is involuntarily terminated by the Corporation or a Subsidiary or Affiliate (as the case may be) without Cause, the option may thereafter be exercised, to the extent it was exercisable at the time of termination, for a period of three months from the date of such termination of employment or until the stated term of such option, whichever period is shorter; and

(e) In the event of a Change in Control or a Potential Change in Control of the Corporation, this option shall become exercisable in accordance with the 1998 Plan, or its successor.

5. Adjustments in Common Stock. In the event of any stock dividend, stock split, merger, consolidation, reorganization, recapitalization or other change in the corporate structure, appropriate adjustments may be made by the Board in the number of shares, class or classes of securities and the price per share.

6. Non-Transferability of Option. Unless the Committee shall permit (on such terms and conditions as it shall establish), an option may not be transferred except by will or the laws of descent and distribution to the extent provided herein. During the lifetime of the Optionee this option may be exercised only by him or her (unless otherwise determined by the Committee).

7. Miscellaneous.

(a) This option (i) shall be binding upon and inure to the benefit of any successor of the Corporation, (ii) shall be governed by the laws of the State of Texas, and any applicable laws of the United States, and (iii) may not be amended except in writing. No contract or right of employment shall be implied by this option.

(b) If this option is assumed or a new option is substituted therefore in any corporate reorganization (including, but not limited to, any transaction of the type referred to in Section 425(a) of the Internal Revenue Code of 1986, as amended), employment by such assuming or substituting corporation or by a parent corporation or a subsidiary thereof shall be considered for all purposes of this option to be employment by the Corporation.

(c) In the event the Optionee's employment is terminated by reason of Early or Normal Retirement and the Optionee subsequently is employed by a competitor of the Corporation, the Corporation reserves the right, upon notice to the Optionee, to declare the option forfeited and of no further validity.

(d) In consideration of the Optionee's privilege to participate in the Plan, the Optionee agrees (i) not to disclose any trade secrets of, or other confidential/restricted information of, American Airlines, Inc. ("American") or its Affiliates to any unauthorized party and (ii) not to make any unauthorized use of such trade secrets or confidential or restricted information during his or her employment with American or its Affiliates or after such employment is terminated, and (iii) not to solicit any then current employees of American or any other subsidiaries of the Corporation to join the Optionee at his or her new place of employment after his or her employment with American or its Affiliates is terminated.

8. Securities Law Requirements. The Corporation shall not be required to issue shares upon the exercise of this option unless and until (a) such shares have been duly listed upon each stock exchange on which the Corporation's Stock is then registered and (b) a registration statement under the Securities Act of 1933 with respect to such shares is then effective.

The Board may require the Optionee to furnish to the Corporation, prior to the issuance of any shares of Stock in connection with the exercise of this option, an agreement, in such form as the Board may from time to time deem appropriate, in which the Optionee represents that the shares acquired by him upon such exercise are being acquired for investment and not with a view to the sale or distribution thereof.

9. Option Subject to 1998 Plan. This option shall be subject to all the terms and provisions of the 1998 Plan and the Optionee shall abide by and be bound by all rules, regulations and determinations of the Board now or hereafter made in connection with the administration of the 1998 Plan. Capitalized terms not otherwise defined herein shall have the meanings set forth for such terms in the 1998 Plan.

IN WITNESS WHEREOF, the Corporation has executed this Stock Option as of the day and year first above written.

AMR Corporation

- ------------------------------ ----------------------------

Optionee

Charles D. MarLett
Corporate Secretary

STOCK OPTION
2003 EMPLOYEE STOCK INCENTIVE PLAN

STOCK OPTION granted JULY 26, 2004, by AMR Corporation, a Delaware corporation (the "Corporation"), and FNAME LNAME, employee number 000000, an employee of the Corporation or one of its Subsidiaries or Affiliates (the "Optionee").

W I T N E S S E T H:

WHEREAS, the Board of Directors of the Corporation (the "Board"), has approved the 2003 Employee Stock Incentive Plan (such plan, as may be amended from time to time, to be referenced the "2003 Plan"); and

WHEREAS, the 2003 Plan provides for the grant of an option to purchase shares of the Corporation's Common Stock (as later defined) to those individuals selected by the Committee or, in lieu thereof, the Board of Directors of AMR Corporation (the "Board"); and

WHEREAS, the Board has determined that the Optionee is eligible under the 2003 Plan and that it is to the advantage and interest of the Corporation to grant the option provided for herein to the Optionee as an incentive for Optionee to remain in the employ of the Corporation or one of its Subsidiaries or Affiliates, and to encourage ownership by the Optionee of the Corporation's Common Stock, $1 par value (the "Common Stock").

NOW, THEREFORE:

1. Option Grant. The Corporation hereby grants to the Optionee a non-qualified stock option, subject to the terms and conditions hereinafter set forth, to purchase all or any part of an aggregate of X,000 shares of Common Stock at a price of $XX.XX per share (being the fair market value of the Common Stock on the date hereof), exercisable in approximately equal installments on and after the following dates and with respect to the following number of shares of Common Stock:

Exercisable On and After	Number of Shares
7/26/2005	X,000
7/26/2006	X,000
7/26/2007	X,000
7/26/2008	X,000
7/26/2009	X,000

provided, that in no event shall this option be exercisable in whole or in part ten years from the date hereof and that the Corporation shall in no event be obligated to issue fractional shares. The right to exercise this option and to purchase the number of shares comprising each such installment shall be cumulative, and once such right has become exercisable it may be exercised in whole at any time and in part from time to time until the date of termination of the Optionee's rights hereunder.

2. Restriction on Exercise. Notwithstanding any other provision hereof, this option shall not be exercised if at such time such exercise or the delivery of certificates representing shares of Common Stock purchased pursuant hereto shall constitute a violation of any rule of the Corporation, any provision of any applicable Federal or State statute, rule or regulation, or any rule or regulation of any securities exchange on which the Common Stock may be listed.

3. Manner of Exercise. This option may be exercised with respect to all or any part of the shares of Common Stock then subject to such exercise pursuant to whatever procedures may be adopted by the Corporation. In the event that at the time of such exercise the shares of Common Stock as to which this option is exercisable have not been registered under the Securities Act of 1933, the Optionee will make a representation that he/she is acquiring the shares of Common Stock for investment only and not with a view to distribution. Subject to compliance by the Optionee with all the terms and conditions hereof, the Corporation or its agent shall promptly thereafter deliver to the Optionee a certificate or certificates for such shares with all requisite transfer stamps attached. (In the event of a cashless exercise, the Corporation or its agent will pay to the Optionee the appropriate cash amount, less required withholdings.)

4. Termination of Option. This option shall terminate and may no longer be exercised if (i) the Optionee ceases to be an employee of the Corporation or one of its Subsidiaries or Affiliates; or (ii) the Optionee becomes an employee of a Subsidiary that is not wholly owned, directly or indirectly, by the Corporation; or (iii) the Optionee takes a leave of absence without reinstatement rights, unless otherwise agreed in writing between the Corporation (or one of its Subsidiaries or Affiliates) and the Optionee; except that

(a) If the Optionee's employment by the Corporation (or any Subsidiary or Affiliate) terminates by reason of death, the vesting of the option will be accelerated and the option will remain exercisable until its expiration;

(b) If the Optionee's employment by the Corporation (or any Subsidiary or Affiliate) terminates by reason of Disability, the option will continue to vest in accordance with its terms and may be exercised until its expiration; provided, however, that if the Optionee dies after such Disability the vesting of the option will be accelerated and the option will remain exercisable until its expiration;

(c) Subject to Section 7(c), if the Optionee's employment by the Corporation (or any Subsidiary or Affiliate) terminates by reason of Normal or Early Retirement, the option will continue to vest in accordance with its terms and may be exercised until its expiration; provided, however, that if the Optionee dies after Retirement the vesting of the option will be accelerated and the option will remain exercisable until its expiration;

(d) If the Optionee's employment by the Corporation (or any Subsidiary or Affiliate) is involuntarily terminated by the Corporation or a Subsidiary or Affiliate (as the case may be) without Cause, the option may thereafter be exercised, to the extent it was exercisable at the time of termination, for a period of three months from the date of such termination of employment or until the stated term of such option, whichever period is shorter; and

(e) In the event of a Change in Control or a Potential Change in Control of the Corporation, this option shall become exercisable in accordance with the 2003 Plan, or its successor.

5. Adjustments in Common Stock. In the event of any stock dividend, stock split, merger, consolidation, reorganization, recapitalization or other change in the corporate structure, appropriate adjustments may be made by the Board in the number of shares, class or classes of securities and the price per share.

6. Non-Transferability of Option. Unless the Committee shall permit (on such terms and conditions as it shall establish), an option may not be transferred except by will or the laws of descent and distribution to the extent provided herein. During the lifetime of the Optionee this option may be exercised only by him or her (unless otherwise determined by the Committee).

7. Miscellaneous.

(a) This option (i) shall be binding upon and inure to the benefit of any successor of the Corporation, (ii) shall be governed by the laws of the State of Texas, and any applicable laws of the United States, and (iii) may not be amended except in writing. No contract or right of employment shall be implied by this option.

(b) If this option is assumed or a new option is substituted therefore in any corporate reorganization (including, but not limited to, any transaction of the type referred to in Section 425(a) of the Internal Revenue Code of 1986, as amended), employment by such assuming or substituting corporation or by a parent corporation or a subsidiary thereof shall be considered for all purposes of this option to be employment by the Corporation.

(c) In the event the Optionee's employment is terminated by reason of Early or Normal Retirement and the Optionee subsequently is employed by a competitor of the Corporation, the Corporation reserves the right, upon notice to the Optionee, to declare the option forfeited and of no further validity.

(d) In consideration of the Optionee's privilege to participate in the Plan, the Optionee agrees (i) not to disclose any trade secrets of, or other confidential/restricted information of, American Airlines, Inc. ("American") or its Affiliates to any unauthorized party and (ii) not to make any unauthorized use of such trade secrets or confidential or restricted information during his or her employment with American or its Affiliates or after such employment is terminated, and (iii) not to solicit any then current employees of American or any other subsidiaries of the Corporation to join the Optionee at his or her new place of employment after his or her employment with American or its Affiliates is terminated.

8. Securities Law Requirements. The Corporation shall not be required to issue shares upon the exercise of this option unless and until (a) such shares have been duly listed upon each stock exchange on which the Corporation's Stock is then registered and (b) a registration statement under the Securities Act of 1933 with respect to such shares is then effective.

The Board may require the Optionee to furnish to the Corporation, prior to the issuance of any shares of Stock in connection with the exercise of this option, an agreement, in such form as the Board may from time to time deem appropriate, in which the Optionee represents that the shares acquired by him upon such exercise are being acquired for investment and not with a view to the sale or distribution thereof.

9. Option Subject to 2003 Plan. This option shall be subject to all the terms and provisions of the 2003 Plan and the Optionee shall abide by and be bound by all rules, regulations and determinations of the Board now or hereafter made in connection with the administration of the 2003 Plan. Capitalized terms not otherwise defined herein shall have the meanings set forth for such terms in the 2003 Plan.

IN WITNESS WHEREOF, the Corporation has executed this Stock Option as of the day and year first above written.

AMR Corporation

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Optionee

Charles D. MarLett
Corporate Secretary

EXHIBIT 10.72

DEFERRED STOCK AWARD AGREEMENT
1998 Long Term Incentive Plan, as amended

This AGREEMENT is made this date, MONTH XX, 2004, by and between AMR Corporation, a Delaware corporation (the "Corporation"), and FNAME LNAME (the "Officer"), employee number 000000.

WHEREAS, the stockholders of the Corporation approved the 1998 Long Term Incentive Plan, as amended (the "1998 Plan") at the Corporation's annual meeting held on May 20, 1998; and

WHEREAS, the Compensation Committee of the Board of Directors has determined that Officer is a key executive and has further determined to make an award of Deferred Stock to the Officer (subject to terms of the 1998 Plan and this Agreement), as an inducement for the Officer to remain with the Corporation (or a Subsidiary or Affiliate thereof) and to motivate the Officer during such employment.

NOW, THEREFORE, the Corporation and the Officer hereby agree as follows:

1. Grant of Award.

The Officer is hereby granted as of MONTH XX, 2004 (the "Grant Date") a Deferred Stock Award (the "Award"), subject to the terms and conditions of this Agreement, with respect to X,000 shares of Common Stock, $1.00 par value, of the Corporation (the "Stock"). The shares of Stock covered by the Award will vest, if at all, in accordance with Section 2. VESTING DATE is hereby established as the "Vesting Date" of the Award.

2. Distribution of Award.

Distribution of the Award will occur, if at all, in accordance with the following terms and conditions:

(a) If the Officer is on the payroll of a Subsidiary that is wholly owned by the Corporation as of the Vesting Date, the Award will be distributed to the Officer in accordance with the following schedule:

Number of Shares	Date of Distribution	Tranche
X,000	MM/DD/YYYY	1

Provided, however, if the Officer's employment with the Corporation (or a Subsidiary or Affiliate thereof) is terminated prior to the complete distribution of the Award due to the Officer's death, Disability, Retirement, or termination not for Cause, each an Early Termination, the Award will be distributed on a prorata basis. The prorata basis will be a percentage where (i) the numerator is the number of months from the GRANT DATE to the month of Early Termination, inclusive and (ii) the denominator is 36 for Tranche 1.

For example, assuming an Early Termination occurring in month six, and an Award of 300 shares for Tranche 1, the distribution would be made with respect to:

Tranche	Months in Plan		# Months per Tranche		# of Shares		Shares
1	6	/	36	X	300	=	50
Total							50

(b) In the event of a Change in Control or Potential Change in Control of the Corporation after the Grant Date but prior to the complete distribution of the Award, the Award will be distributed in accordance with the 1998 Plan or its successor.

(c) Notwithstanding the terms of Section 2(a), the Award will be forfeited in its entirety if after the Grant Date but prior to the Award's complete distribution:

(i) The Officer's employment with the Corporation (or Subsidiary or Affiliate thereof) is terminated for Cause, or if the Officer terminates his/her employment with the Corporation (or Subsidiary or Affiliate thereof);

(ii) The Officer becomes an employee of a Subsidiary that is not wholly owned by the Corporation; or

(iii) The Officer takes a leave of absence without reinstatement rights, unless otherwise agreed in writing between the Corporation and the Officer.

3. Transfer Restrictions.

Unless otherwise permitted by the CEO, this award is non-transferable other than by will or by the laws of descent and distribution, and may not be assigned, pledged or hypothecated and will not be subject to execution, attachment or similar process. Upon any attempt by the Officer (or the Officer's successor in the interest after the Officer's death) to effect any such disposition, or upon the levy of any such process, the Award may immediately become null and void, at the discretion of the CEO.

4. Miscellaneous.

This Agreement (a) will be binding upon and inure to the benefit of any successor of the Corporation, (b) will be governed by the laws of the State of Texas and any applicable laws of the United States, and (c) may not be amended without the written consent of both the Corporation and the Officer. No contract or right of employment will be implied by this Agreement. In the event Officer does not forward to the Corporation, within the applicable period, required taxes with respect to any Award distributed pursuant to this Agreement, the Corporation may withhold from any payments to by made to the Officer by the Corporation (or any Subsidiary or Affiliate thereof) an amount(s) equal to such taxes.

5. Adjustments in Awards.

In the event of a Stock dividend, Stock split, merger consolidation, re-organization, re-capitalization or other change in the corporate structure of the Company, appropriate adjustments may be made by the Board of Directors in the number of shares awarded.

6. Securities Law Requirements.

The Corporation will not be required to issue Stock pursuant to this Award unless and until (a) such shares have been duly listed upon each stock exchange on which the Corporation's Stock is registered; and (b) a registration statement under the Securities Act of 1933 with respect to such shares is then effective.

The CEO may require the Officer to furnish to the Corporation, prior to distribution of the Stock in connection with this Award, an agreement, in such form as the CEO may from time to time deem appropriate, in which the Officer represents that the shares acquired by him/her under the Award are being acquired for investment and not with a view to the sale or distribution thereof.

7. Incorporation of 1998 Plan Provisions.

This agreement is made pursuant to the 1998 Plan and is subject to all of the terms and provisions of the 1998 Plan as if the same were fully set forth herein. Capitalized terms not otherwise defined herein will have the meanings set forth for such terms in the 1998 Plan, as amended.

IN WITNESS HEREOF, the Officer and the Corporation have executed this Deferred Stock Agreement as of the day and year first above written.

Officer	AMR CORPORATION
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	Charles D. MarLett
	Corporate Secretary

EXHIBIT 10.73

DEFERRED UNIT AWARD AGREEMENT

This AGREEMENT made this date, JULY 26, 2004, by and between AMR Corporation, a Delaware corporation (the "Corporation"), and FNAME LNAME (the "Employee"), employee number 000000.

WHEREAS, the Compensation Committee of the Board of Directors has determined that the Employee is a key employee and has further determined to make an award of Deferred Units to the Employee as an inducement for the Employee to remain with the Corporation (or a Subsidiary or Affiliate thereof) and to motivate the Employee during such employment.

NOW, THEREFORE, the Corporation and the Employee hereby agree as follows:

1. Grant of Award.

The Employee is hereby granted as of JULY 26, 2004 (the "Grant Date") a Deferred Unit Award (the "Award"), subject to the terms and conditions of this Agreement, with respect to 0,000 Deferred Units (the "Units"). The Units covered by the Award will vest, if at all in accordance with Section 2 hereof. VESTING DATE is hereby established as the "Vesting Date" of the Award.

2. Distribution of Award.

Payment with respect to the Award, on the Vesting Date, will occur, if at all, in accordance with the following terms and conditions:

(a) If the Employee is on the payroll of a Subsidiary that is wholly owned by the Corporation as of the Vesting Date, a payment (determined in accordance with Section 4 of this Agreement) will be made to the Employee in accordance with the following schedule:

Number of Units	Vesting Date
0,000	7/26/2007

(b) In the event the Employee's employment with the Corporation (or a Subsidiary or Affiliate thereof) is terminated prior to the Vesting Date set forth in section 2 (a), due to the employee's death, Disability, Retirement or termination not for Cause (each an "Early Termination), the Award will vest on a pro-rata basis and will be paid to the Employee (or, in the event of the Employee's death, the Employee's designated beneficiary for the purposes of the Award, or in the absence of an effective beneficiary designation, the Employee's estate). The

pro-rata basis will be a percentage where the denominator is 36 and the numerator is the number of months from the Grant Date through the month of Early Termination, inclusive. The pro-rata Award will be paid to the Employee (or, in the event of the Employee's death, the Employee's designated beneficiary for the purposes of the Award, or in the absence of an effective beneficiary designation, the Employee's estate) within 60 days after the Employee's death or Disability (the payment will be determined in accordance with Section 4).

(c) In the event of a Change in Control or Potential Change in Control of the Corporation after the Vesting Date but prior to the complete distribution of the Award, the Award will be paid in accordance with the 2003 Employee Stock Incentive Plan, as may be amended, or it's successor (the "2003 Plan").

(d) Notwithstanding the terms of Section 2(a), (b), (c), the Award will be forfeited in its entirety if prior to the Vesting Date:

(i) The Employee's employment with the Corporation (or Subsidiary or Affiliate thereof) is terminated for Cause, or if the Employee terminates his/her employment with the Corporation (or Subsidiary or Affiliate thereof);

(ii) The Employee becomes an employee of a Subsidiary that is not wholly owned by the Corporation; or

(iii) The Employee takes a leave of absence without reinstatement rights, unless otherwise agreed in writing between the Corporation and the Employee.

3. Transfer Restrictions.

Unless otherwise permitted by the Corporation, this award is non-transferable other than by will or by the laws of descent and distribution, and may not be assigned, pledged or hypothecated and will not be subject to execution, attachment or similar process. Upon any attempt by the Employee (or the Employee's successor in the interest after the Employee's death) to effect any such disposition, or upon the levy of any such process, the Award may immediately become null and void, at the discretion of the Corporation.

4. Determining the payment.

The amount of the payment shall be determined by the product of: [the number of Units that have vested] and [the Fair Market Value of one share of the Corporation's Common Stock on the date the Units vest]. The Corporation will withhold from the cash payment any and all taxes.

5. Miscellaneous.

This Agreement (a) will be binding upon and inure to the benefit of any successor of the Corporation, (b) will be governed by the laws of the State of Texas and any applicable laws of the United States, and (c) may not be amended without the written consent of both the Corporation and the Employee. No contract or right of employment will be implied by this Agreement.

In consideration of the Employee's privilege to participate in the Plan, the Employee agrees (I) not to disclose any trade secrets of, or other confidential/restricted information of, American Airlines, Inc. ("American") or its Affiliates to any unauthorized party and (ii) not to make any unauthorized use of such trade secrets or confidential or restricted information during his or her employment with American or its Affiliates or after such employment is terminated, and (iii) not to solicit any then current employees of American or any other Subsidiaries of the Corporation to join the Employee at his or her place of employment after his or her employment with American or its Affiliates is terminated.

Capitalized terms not otherwise defined herein shall have the meanings set forth for such terms in the 2003 Plan.

6. Adjustments in Awards.

In the event of a Stock dividend, Stock split, merger, consolidation, re-organization, re-capitalization or other change in the corporate structure of the Corporation, appropriate adjustments may be made by the Board of Directors in the number of Units awarded.

IN WITNESS HEREOF, the Employee and the Corporation have executed this Deferred Unit Agreement as of the day and year first above written.

Employee	AMR CORPORATION
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	Charles D. MarLett
	Corporate Secretary

2004 - 2006
PERFORMANCE UNIT AGREEMENT

This performance unit agreement ("Agreement") is made as of this date, JULY 26, 2004, by and between AMR Corporation, a Delaware corporation (the "Corporation"), and FNAME LNAME (the "Employee"), employee number 000000.

WHEREAS, pursuant to the Performance Unit Program (the "Program") adopted by the Board of Directors of the Corporation (the "Board"), the Compensation Committee of the Board has determined to make a Program grant to the Employee of performance units (subject to the terms of the 2004/2006 Performance Unit Plan for Officers and Key Employees (the "2004 Unit Plan") and this Agreement), as an inducement for the Employee to remain an employee of the Corporation (or a Subsidiary or Affiliate thereof), and to retain and motivate such Employee during such employment.

This Agreement sets forth the terms and conditions attendant to the performance units granted under the 2004 Unit Plan.

1. Grant of Award. The Employee is hereby granted as of JULY 26, 2004, (the "Grant Date") performance units (the "Award"), subject to the terms and conditions of this Agreement with respect to 0,000 performance units (collectively, the "Units"). The Units covered by the Award shall vest, if at all, in accordance with Section 2. On the date the Units vest (if at all), Employee will receive, net of applicable withholding or applicable social security taxes, a payment representing the product of (i) the number of vested Units and (ii) the average of the high and low price of the Corporation's Common Stock, $1.00 par value per share, on a date chosen by the Board, which date shall be as soon as practicable after the end of the Measurement Period (as defined below).

2. Vesting.

(a) The Units will vest, if at all, in accordance with Schedule A, attached hereto and made a part of this Agreement.

(b) In the event Employee's employment with the Corporation (or a Subsidiary or Affiliate thereof) is terminated prior to the end of the three year measurement period set forth in Schedule A (the "Measurement Period") due to the Employee's death, Disability, Retirement or termination not for Cause (each an "Early Termination") the Award will vest, if at all, on a pro-rata basis and will be paid to the Employee (or, in the event of the Employee's death, the Employee's designated beneficiary for purposes of the Award, or in the absence of an effective beneficiary designation, the Employee's estate). The pro-rata basis will be a percentage where the denominator is 36 and the numerator is the number of months from January 1, 2004 through the month of Early Termination, inclusive. This pro-rata Award will be paid to the Employee at or around the

same time as payments are made to then current employees who have been granted Units under the 2004 Unit Plan.

(c) In the event Employee's employment with the Corporation (or any Subsidiary or Affiliate thereof) is terminated for Cause, or if the Employee terminates his/her employment with the Corporation (or any Subsidiary or Affiliate thereof), each occurring prior to the payment contemplated by this Agreement, the Award shall be forfeited in its entirety.

(d) If prior to the payment contemplated by this Agreement, the Employee becomes an employee of a Subsidiary that is not wholly owned, directly or indirectly, by the Corporation, or if the Employee begins a leave of absence without reinstatement rights, then in each case the Award shall be forfeited in its entirety.

(e) In the event of a Change in Control or Potential Change in Control of the Corporation, the Award shall vest in accordance with the 2003 Employee Stock Incentive Plan, as may be amended, or its successor

3. Transfer Restrictions. This Award is non-transferable other than by will or by the laws of descent and distribution, and may not otherwise be assigned, pledged or hypothecated and shall not be subject to execution, attachment or similar process. Upon any attempt by the Employee (or the Employee's successor in interest after the Employee's death) to effect any such disposition, or upon the levy of any such process, the Award may immediately become null and void, at the discretion of the Board.

4. Miscellaneous. This Agreement (a) shall be binding upon and inure to the benefit of any successor of the Corporation, (b) shall be governed by the laws of the State of Texas and any applicable laws of the United States, and (c) may not be amended without the written consent of both the Corporation and the Employee. No contract or right of employment shall be implied by this Agreement.

In the event the Recipient's employment is terminated by reason of Early or Normal Retirement and the Recipient subsequently is employed by a competitor of the Company, the Company reserves the right, upon notice to the Recipient, to declare the Award forfeited and of no further validity.

In consideration of the Employee's privilege to participate in the Plan, the Employee agrees (i) not to disclose any trade secrets of, or other confidential/restricted information of, American Airlines, Inc. ("American") or its Affiliates to any unauthorized party and (ii) not to make any unauthorized use of such trade secrets or confidential or restricted information during his or her employment with American or its Affiliates or after such employment is terminated, and (iii) not to solicit any then current employees of American or any other Subsidiaries of the Corporation to join the Employee at his or her new place of employment after his or her employment with American or its Affiliates is terminated.

5. Adjustments in Awards. In the event of a Stock dividend, Stock split, merger, consolidation, re-organization, re-capitalization or other change in the corporate structure of the Corporation, appropriate adjustments may be made by the Board of Directors in the number of Units awarded.

6. Incorporation of 2003 Plan Provisions. Capitalized terms not otherwise defined herein (inclusive of Schedule A) shall have the meanings set forth for such terms in the Corporation's 2003 Employee Stock Incentive Plan.

IN WITNESS HEREOF, the Employee and the Corporation have executed this Performance Unit Agreement as of the day, month and year set forth above.

EMPLOYEE

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AMR CORPORATION

Charles D. MarLett
Corporate Secretary

SCHEDULE A

2004 - 2006 PERFORMANCE UNIT PLAN
FOR OFFICERS AND KEY EMPLOYEES

Purpose

The purpose of the 2004 - 2006 AMR Corporation Performance Unit Plan ("Plan") for Officers and Key Employees is to provide greater incentive to officers and key employees of the subsidiaries and affiliates of AMR Corporation ("AMR" or "the Corporation") to achieve the highest level of individual performance and to meet or exceed specified goals which will contribute to the success of the Corporation.

Definitions

For purposes of the Plan, the following definitions will control:

"Affiliate" is defined as a subsidiary of AMR or any entity that is designated by the Committee as a participating employer under the Plan, provided that AMR directly or indirectly owns at least 20% of the combined voting power of all classes of stock of such entity.

"Committee" is defined as the Compensation Committee, or its successor, of the AMR Board of Directors.

"Comparator Group" is defined as the following seven U.S. based carriers including AMR Corporation, Continental Airlines, Inc., Delta Air Lines, Inc., JetBlue Airways, Northwest Airlines Corp., Southwest Airlines Co. and US Airways Group, Inc.

"Corporate Objectives" is defined as the being the objectives established by the Committee at the beginning of each fiscal year during the Measurement Period.

"Measurement Period" is defined as the three year period beginning January 1, 2004 and ending December 31, 2006.

"Total Shareholder Return (TSR)" is defined as the rate of return reflecting stock price appreciation plus reinvestment of dividends over the Measurement Period. The average Daily Closing Stock Price (adjusted for splits and dividends) for the three months prior to the beginning and ending points of the Measurement Period will be used to smooth out market fluctuations.

"Daily Closing Stock Price" is defined as the stock price at the close of trading (4:00 PM EST) of the National Exchange on which the stock is traded.

"National Exchange" is defined as either the New York Stock Exchange (NYSE), the National Association of Stock Dealers and Quotes (NASDAQ), or the American Stock Exchange (AMEX).

Accumulation of Units

Any payment under the Plan with respect to the Units will be determined by (i) the Corporation's TSR rank within the Comparator Group and/or (ii) the Corporation's attainment of the Corporate Objectives during each year of the Measurement Period and (iii) the terms and conditions of the award agreement between the Corporation and the employee. The distribution percentage of units pursuant to the TSR metric and based on rank, is specified below:

Granted Shares - Percent of Target Based on Rank

Rank	7	6	5	4	3	2	1
Payout %	0%	25%	50%	75%	100%	135%	175%

In the event that a carrier (or carriers) in the Comparator Group ceases to trade on a National Exchange at any point in the Measurement Period, the following distribution percentage of target units, based on rank and the number of remaining comparators, will be used accordingly.

6 COMPARATORS

Granted Shares - Percent of Target Based on Rank

Rank	6	5	4	3	2	1
Payout %	0%	50%	75%	100%	135%	175%

5 COMPARATORS

Granted Units - Percent of Target Based on Rank

Rank	5	4	3	2	1
Payout %	50%	75%	100%	135%	175%

4 COMPARATORS

Granted Units - Percent of Target Based on Rank

Rank	4	3	2	1
Payout %	75%	100%	135%	175%

3 COMPARATORS

Granted Units - Percent of Target Based on Rank

Rank	3	2	1
Payout %	100%	135%	175%

At the end of each fiscal year during the Measurement Period, the Committee will determine whether the Corporate Objectives have been achieved. At the end of the Measurement Period the Committee will determine the distribution of units based upon the TSR metric and, with respect to senior officer awards, the Corporate Objectives. The number of units that may vest will range from 0% to 175% of the target award.

Administration

The Committee shall have authority to administer and interpret the Plan, establish administrative rules, approve eligible participants, and take any other action necessary for the proper and efficient operation of the Plan. The TSR metric be determined based on an audit of AMR's TSR rank by the General Auditor of American Airlines, Inc. A summary of awards under the Plan shall be provided to the Board of Directors at the first regular meeting following determination of the awards. The awards will be paid in cash.

Corporate Objectives will be used as a metric for determining the distribution of units only for senior officers of the Corporation (or a Subsidiary thereof) unless the Committee determines otherwise.

General

Neither this Plan nor any action taken hereunder shall be construed as giving any employee or participant the right to be retained in the employ of American Airlines, Inc. or an Affiliate.

Nothing in the Plan shall be deemed to give any employee any right, contractually or otherwise, to participate in the Plan or in any benefits hereunder, other than the right to receive an award as may have been expressly awarded by the Committee subject to the terms and conditions of the award agreement between the Corporation and the employee.

In the event of any act of God, war, natural disaster, aircraft grounding, revocation of operating certificate, terrorism, strike, lockout, labor dispute, work stoppage, fire, epidemic or quarantine restriction, act of government, critical materials shortage, or any other act beyond the control of the Corporation, whether similar or dissimilar, (each a "Force Majeure Event"), which Force Majeure Event affects the Corporation or its Subsidiaries or its Affiliates, the Committee, in its sole discretion, may (i) terminate or (ii) suspend, delay, defer (for such period of time as the Committee may deem necessary), or substitute any awards due currently or in the future under the Plan, including, but not

limited to, any awards that have accrued to the benefit of participants but have not yet been paid.

In consideration of the employee's privilege to participate in the Plan, the employee agrees (i) not to disclose any trade secrets of, or other confidential/restricted information of, American Airlines, Inc. or its Affiliates to any unauthorized party and, (ii) not to make any unauthorized use of such trade secrets or confidential or restricted information during his or her employment with American Airlines, Inc. or its Affiliates or after such employment is terminated, and (iii) not to solicit any then current employees of American Airlines, Inc. or any other Subsidiaries of AMR to join the employee at his or her new place of employment after his or her employment with American Airlines, Inc. or its Affiliates is terminated.

The Committee may amend, suspend, or terminate the Plan at any time.

Exhibit 10.94

May 21, 2003

Mr. Robert Reding
628 Regency Crossing
Southlake, TX 76092

Dear Bob:

Congratulations on being promoted to your new position as Senior Vice President Technical Operations. I and the other members of the senior management team look forward to working with you as we return American to a more sound financial footing.

In light of your new responsibilities and your assignment to American Airlines, I want to confirm the agreement that we made with you when you were recruited to join American Eagle in 2000. Thus, we will continue to grant you two years of credited service for each year of actual service, up to a maximum of ten additional years of credited service.

Thanks again for your contributions.

Very truly yours,

Sue M. Oliver
Senior Vice President Human Resources

Exhibit 10.99

6-1162-LAJ-936

American Airlines, Inc.
P.O. Box 619616
Dallas-Fort Worth Airport, Texas 75261-9616

Subject: Special Matters for Model 737, 757, 767 and 777 Aircraft

Reference: Purchase Agreement Nos. 1977, 1978, 1979 and 1980 (collectively, the "Purchase Agreements") between The Boeing Company ("Boeing") and American Airlines, Inc. ("Customer") relating to Model 737, 757, 767 and 777 aircraft, respectively

This letter agreement ("Letter Agreement") is entered into on the date below, and amends and supplements each Purchase Agreement. All capitalized terms used herein but not otherwise defined in this Letter Agreement have the same meaning as in the applicable Purchase Agreement.

Customer and Boeing have agreed to reschedule the Scheduled Delivery Months of certain 737-823 and 777-223 aircraft (collectively, the "Deferred Aircraft") as described below and subject to, and in consideration of, the following terms and conditions.

1. Scheduled Delivery Months of Deferred Aircraft.

1.1. Model 737-823 Aircraft. The revised Scheduled Delivery Months for the firm 737-823 Aircraft undelivered at the time of execution of this Letter Agreement is documented in Attachment A to this Letter Agreement.

1.2. Model 777-223 Aircraft. The revised Scheduled Delivery Months for the firm 777-223 Aircraft undelivered at the time of execution of this Letter Agreement is documented in Attachment B to this Letter Agreement.

2. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

3. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

4. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

5. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

6. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

7. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

8. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

9. Supplemental Agreements. Customer and Boeing agree to use commercially reasonable efforts to create or amend, by December 10, 2004, documentation for existing agreements as may be required to further implement the agreements identified within this Letter Agreement. In no event shall the inability of the parties to complete documentation by December 10, 2004 modify in any way the obligations each party has made within this Letter Agreement.

10. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

11. Acceptance and Expiration of Letter Agreement. The terms of this Letter Agreement are conditioned upon acceptance of this Letter Agreement by Customer, on or before November 17, 2004.

12. Confidential Treatment. Customer and Boeing understand and acknowledge that the commercial and financial information contained in this Letter Agreement are considered as highly confidential. Customer and Boeing agree that each will treat this Letter Agreement and the information contained herein as confidential and will not, without prior written consent of the other, disclose this Letter Agreement or the information contained herein to any other person or entity except as provided in this Letter Agreement or the applicable Purchase Agreement.

Very truly yours,

THE BOEING COMPANY

By _____

Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: November 17, 2004

AMERICAN AIRLINES, INC.

By _____

Its VP Corporate Development and Treasurer

FROM SCHEDULED DELIVERY MONTH	MSN	TO SCHEDULED DELIVERY MONTH
[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]		[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

FROM SCHEDULED DELIVERY MONTH	MSN	TO SCHEDULED DELIVERY MONTH
[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]		[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

AMR EXHIBIT 10.99

PURCHASE AGREEMENT NO. 1977 SUPPLEMENT NO. 19

PURCHASE AGREEMENT No. 1977 SUPPLEMENT NO. 19 (this "Agreement") dated January 11, 2005 between The Boeing Company ("Boeing") and American Airlines, Inc. ("Customer").

R E C I T A L S:

A. Boeing and Customer have heretofore entered into that certain Purchase Agreement No. 1977, dated October 31, 1997, as amended and supplemented, (capitalized terms used herein without definition shall have the meanings specified therefor in such Purchase Agreement).

B. Pursuant to Letter Agreement no. 6-1162-LAJ-936, Boeing and Customer have agreed to, among other things, reschedule the Scheduled Delivery Months of 47 Aircraft.

C. Customer and Boeing desire to amend and supplement the Purchase Agreement as provided below.

In consideration of the foregoing premises and other good and sufficient consideration, Boeing and Customer hereby agree as follows:

1. AMENDMENT TO REFLECT SCHEDULED DELIVERY MONTH DEFERRALS FOR DEFERRED AIRCRAFT. The Purchase Agreement is amended and supplemented to reflect the rescheduling of the Scheduled Delivery Months for the 47 Aircraft (the "Deferred Aircraft") as documented in the Scheduled Delivery Month Deferrals for Deferred Aircraft attached hereto and hereby made a part of this Agreement.

2. REVISED SCHEDULED DELIVERY MONTH. Table 1 to the Purchase Agreement is hereby replaced in its entirety with the revised Table 1 attached hereto and hereby made a part of the Purchase Agreement. The revised Scheduled Delivery Months for the Deferred Aircraft pursuant to this Agreement are reflected in the attached Table 1. In addition, pursuant to Letter Agreement no. 6-1161-LAJ-936, the Airframe Price and Optional Features Price for the Aircraft listed in Table 1 have been escalated to July 2003 dollars. Such Optional Features for those Aircraft listed in Table 1 are documented in the American Airlines 737-823 Optional Features listing attached hereto and hereby made a part of this Agreement.

3. [CONFIDENTIAL PORTION {2 PAGES} OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

4. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] ELIGIBLE MODEL AIRCRAFT. Pursuant to Letter Agreement no. 6-1162-LAJ-936, Customer and Boeing agreed to revise the Aircraft Information Tables containing the Aircraft Description, Price, and Proposal Deposit information for the currently available Eligible Model aircraft identified in Letter Agreement No. 6-1162-AKP-075 (the "Rights Letter") and, accordingly, the Rights Letter is hereby modified by replacing Attachments A-1 through A-3 in their entirety with the revised Attachment A attached hereto and hereby made a part of the Purchase Agreement. The Eligible Model aircraft identified in Attachment A to the Rights Letter will be modified from time to time to reflect the latest Detail Specification for Customer's 737-800 Aircraft and the latest Boeing generic detail specification for all other models in Attachment A. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

5. MADP AND QADP RIGHTS. Pursuant to Letter Agreement no. 6-1162-LAJ-936, Customer and Boeing agreed to modifications to the number of certain Customer MADP Rights and QADP Rights identified in the Rights Letter and, accordingly, the Rights Letter is hereby modified by replacing each of Attachment B and Attachment C in its entirety with the revised Attachment B and Attachment C, respectively, attached hereto and such attachments are hereby made a part of the Purchase Agreement.

6. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

7. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

8. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

9. EFFECT ON PURCHASE AGREEMENT. Except as expressly set forth herein, all terms and provisions contained in the Purchase Agreement shall remain in full force and effect. This Agreement contains the entire agreement between the parties with respect to the subject matter hereof and supersedes all previous proposals, and agreements, understandings, commitments or representations whatsoever, oral or written, with respect to the subject matter hereof and may be changed only in writing signed by authorized representatives of the parties.

IN WITNESS WHEREOF, Boeing and Customer have each caused this Agreement to be duly executed as of the day and year first above written.

AMERICAN AIRLINES, INC. THE BOEING COMPANY

By _____ By _____

Its VP Corporate Development and Treasurer Its Attorney-In-Fact

Attachments: Scheduled Delivery Month Deferrals for Deferred Aircraft

Table 1 to Purchase Agreement No. 1977, 737-800 Aircraft Delivery, Description, Price and Advance Payments

American Airlines 737-823 Optional Features

Schedule 1 to Table 1 to Purchase Agreement No. 1977, 737-823 Advance Payment Schedule

Attachment A to Letter Agreement 6-1162-AKP-075, Aircraft Purchase Rights and Substitution Rights

Attachment B to Letter Agreement 6-1162-AKP-075, Aircraft Purchase Rights and Substitution Rights

Attachment C to Letter Agreement 6-1162-AKP-075, Aircraft Purchase Rights and Substitution Rights

Exhibit [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] to AGTA No. AGTA-AAL [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

Scheduled Delivery Month Deferrals for Deferred Aircraft

FROM SCHEDULED DELIVERY MONTH	MSN	TO SCHEDULED DELIVERY MONTH
[CONFIDENTIAL PORTION {2 PAGES} OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]		[CONFIDENTIAL PORTION {2 PAGES} OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

FROM SCHEDULED DELIVERY MONTH	MSN	TO SCHEDULED DELIVERY MONTH
[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]		[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

TABLE 1 TO PURCHASE AGREEMENT NO. 1977
AIRCRAFT DELIVERY, DESCRIPTION, PRICE AND ADVANCE PAYMENTS

[CONFIDENTIAL PORTION {3 PAGES} OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

AMERICAN AIRLINES 737-823 OPTIONAL FEATURES

[CONFIDENTIAL PORTION {8 PAGES} OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

SCHEDULE 1 TO TABLE 1 TO
PURCHASE AGREEMENT 1977

[CONFIDENTIAL PORTION {2 PAGES} OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

ATTACHMENT A. TO 6-1162-AKP-075

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

ATTACHMENT B TO LETTER AGREEMENT 6-1162-AKP-075 (MODEL 737)
MADP RIGHTS AIRCRAFT DELIVERY MONTHS AND EXERCISE DATES

[CONFIDENTIAL PORTION {2 PAGES} OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

ATTACHMENT C TO LETTER AGREEMENT 6-1162-AKP-075 (MODEL 737)
QADP RIGHTS AIRCRAFT DELIVERY QUARTERS AND EXERCISE DATES

[CONFIDENTIAL PORTION {2 PAGES} OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

EXHIBIT [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

TO

AIRCRAFT GENERAL TERMS AGREEMENT NO. AGTA-AAL

BETWEEN

THE BOEING COMPANY

AND

AMERICAN AIRLINES, INC.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

BOEING PROPRIETARY

1. [CONFIDENTIAL PORTION {2 PAGES} OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

2. [CONFIDENTIAL PORTION {2 PAGES} OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

PURCHASE AGREEMENT NO. 1978 SUPPLEMENT NO. 7

PURCHASE AGREEMENT NO. 1978 SUPPLEMENT NO. 7 (this "Agreement"), dated January 11, 2005 between The Boeing Company ("Boeing") and American Airlines, Inc. ("Customer").

R E C I T A L S:

A. Boeing and Customer have heretofore entered into that certain Purchase Agreement No. 1978, dated October 31, 1997, as amended and supplemented (capitalized terms used herein without definition shall have the meanings specified therefor in such Purchase Agreement).

B. Pursuant to Boeing letter no. 6-1162-LAJ-936, Boeing and Customer have come to agreement with regard to the remaining MADP Rights and QADP Rights with respect to Boeing model 757 aircraft as described below.

C. Customer and Boeing desire to amend and supplement the Purchase Agreement as provided below.

In consideration of the foregoing premises and other good and sufficient consideration, Boeing and Customer hereby agree as follows:

1. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

2. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

3. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

4. EFFECT ON PURCHASE AGREEMENT. Except as expressly set forth herein, all terms and provisions contained in the Purchase Agreement shall remain in full force and effect. This Agreement contains the entire agreement between the parties with respect to the subject matter hereof and supersedes all previous proposals, agreements, understandings, commitments or representations whatsoever, oral or written, with respect to the subject matter hereof and may be changed only in writing signed by authorized representatives of the parties.

IN WITNESS WHEREOF, Boeing and Customer have each caused this Agreement to be duly executed as of the day and year first above written.

AMERICAN AIRLINES, INC.	THE BOEING COMPANY
By _____	By _____
Its VP Corporate Development and Treasurer	Its Attorney-In-Fact

Attachments: Letter Agreement 6-1162-AKP-089R2, Aircraft Purchase Rights and Substitution Rights

Exhibit [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] to AGTA No. AGTA-AAL [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

American Airlines, Inc.
P.O. Box 619616
Dallas/Ft. Worth Airport, Texas 75261-9616

Subject: Aircraft Purchase Rights and Substitution Rights

Reference: Purchase Agreement No. 1978 between The Boeing Company and American Airlines, Inc. relating to Model 757-223 aircraft

This letter agreement ("Letter Agreement") is entered into on the date below, and constitutes a part of the above-referenced Purchase Agreement, as the same may hereafter be amended, modified or supplemented and including, without limitation, as part thereof the exhibits, appendices, schedules, attachments and letter agreements thereto (the "757-223 Purchase Agreement").

Pursuant to Letter Agreement no. 6-1162-LAJ-936 dated November 17, 2004, Boeing and Customer have come to agreement with regard to the remaining MADP Rights and QADP Rights with respect to Boeing model 757 aircraft as described below. Accordingly, this Letter Agreement supersedes and replaces in its entirety Letter Agreement 6-1162-AKP-089R1 dated as of April 26, 2002.

1. DEFINITIONS. Capitalized terms used herein and not defined pursuant to this Letter Agreement have the meanings set forth in the 757-223 Purchase Agreement. The following terms, when used in capitalized form, have the following meanings:

2. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

3. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

4. CONFIDENTIAL TREATMENT. Customer and Boeing understand that certain commercial and financial information contained in this Letter Agreement are considered by Boeing and Customer as confidential. Customer and Boeing agree that each will treat this Letter Agreement and the information contained herein as confidential and will not, without the prior written consent of the other, disclose this Letter Agreement or any information contained herein to any other person or entity, except as provided in this Letter Agreement or in the Applicable Purchase Agreements.

Very truly yours,

THE BOEING COMPANY

By _____

Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: January 11, 2005

AMERICAN AIRLINES, INC.

By _____

Its VP Corporate Development and Treasurer

Attachment A: Letter Agreements

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

EXHIBIT [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

TO

AIRCRAFT GENERAL TERMS AGREEMENT NO. AGTA-AAL

BETWEEN

THE BOEING COMPANY

AND

AMERICAN AIRLINES, INC.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

BOEING PROPRIETARY

1. [CONFIDENTIAL PORTION {2 PAGES} OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

2. [CONFIDENTIAL PORTION {2 PAGES} OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

PURCHASE AGREEMENT NO. 1979 SUPPLEMENT NO. 6

PURCHASE AGREEMENT No. 1979 SUPPLEMENT NO. 6 (this "Agreement"), dated January 11, 2005, between The Boeing Company ("Boeing") and American Airlines, Inc. ("Customer").

R E C I T A L S:

A. Boeing and Customer have heretofore entered into that certain Purchase Agreement No. 1979, dated October 31, 1997 (capitalized terms used herein without definition shall have the meanings specified therefor in such Purchase Agreement).

B. Pursuant to Letter Agreement no. 6-1162-LAJ-936, Customer and Boeing agreed to, among other things, revise the prices of Eligible Model aircraft from being expressed in July 1995 Dollars to being expressed in July 2003 Dollars.

C. Customer and Boeing desire to amend and supplement the Purchase Agreement as provided below.

In consideration of the foregoing premises and other good and sufficient consideration, Boeing and Customer hereby agree as follows:

1. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] ELIGIBLE MODEL AIRCRAFT. Pursuant to Letter Agreement no. 6-1162-LAJ-936, Customer and Boeing agreed to revise the Aircraft Information Tables containing the Aircraft Description, Price, and Proposal Deposit information for the currently available Eligible Model aircraft identified in Letter Agreement No. 6-1162-AKP-100R1 (the "Rights Letter") and, accordingly, the Rights Letter is hereby modified by replacing Attachments A-1 through A-3 in their entirety with the revised Attachment A attached hereto and hereby made a part of the Purchase Agreement. The Eligible Model aircraft identified in the Rights Letter will be modified from time to time to reflect the latest Boeing generic detail specification. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

2. MADP AND QADP RIGHTS. The Rights Letter is hereby modified by replacing each of Attachment B and Attachment C in its entirety with the revised Attachment B and Attachment C, respectively, attached hereto and such attachments are hereby made a part of the Purchase Agreement.

3. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

4. EFFECT ON PURCHASE AGREEMENT. Except as expressly set forth herein, all terms and provisions contained in the Purchase Agreement shall remain in full force and effect. This Agreement contains the entire agreement between the parties with respect to the subject matter hereof and supersedes all previous proposals, and agreements, understandings, commitments or representations whatsoever, oral or written, with respect to the subject matter hereof, and may be changed only in writing signed by authorized representatives of the parties.

IN WITNESS WHEREOF, Boeing and Customer have each caused this Agreement to be duly executed as of the day and year first above written.

AMERICAN AIRLINES, INC.	THE BOEING COMPANY
By _____	By _____
Its VP Corporate Development and Treasurer	Its Attorney-In-Fact

Attachments: Attachment A to Letter Agreement 6-1162-AKP-100R1,
Aircraft Purchase Rights and Substitution Rights.

Attachment B to Letter Agreement 6-1162-AKP-100R1,
Aircraft Purchase Rights and Substitution Rights.

Attachment C to Letter Agreement 6-1162-AKP100R1,
Aircraft Purchase Rights and Substitution Rights.

Exhibit [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] to AGTA No. AGTA-AAL [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

ATTACHMENT A. 6-1162-AKP-100R1

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

ATTACHMENT B TO LETTER AGREEMENT 6-1162-AKP-100R1 (MODEL 767)
MADP RIGHTS AIRCRAFT DELIVERY MONTHS AND EXERCISE DATES

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

ATTACHMENT C TO LETTER AGREEMENT 6-1162-AKP-100R1 (MODEL 767)
QADP RIGHTS AIRCRAFT DELIVERY QUARTERS AND EXERCISE DATES

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

EXHIBIT [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

TO

AIRCRAFT GENERAL TERMS AGREEMENT NO. AGTA-AAL

BETWEEN

THE BOEING COMPANY

AND

AMERICAN AIRLINES, INC.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

BOEING PROPIETARY

1. [CONFIDENTIAL PORTION {2 PAGES} OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

2. [CONFIDENTIAL PORTION {2 PAGES} OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

PURCHASE AGREEMENT NO. 1980 SUPPLEMENT NO. 17

PURCHASE AGREEMENT No. 1980 SUPPLEMENT NO. 17 (this "Agreement"), dated January 11, 2005 between The Boeing Company ("Boeing") and American Airlines, Inc. ("Customer").

R E C I T A L S:

A. Boeing and Customer have heretofore entered into that certain Purchase Agreement No. 1980 dated October 31, 1997, as amended and supplemented (capitalized terms used herein without definition shall have the meanings specified therefor in such Purchase Agreement).

B. Pursuant to Letter Agreement 6-1162-LAJ-936, Boeing and Customer agreed to, among other things, reschedule the delivery of eight Aircraft.

C. Customer and Boeing desire to amend and supplement the Purchase Agreement as provided below.

In consideration of the foregoing premises and other good and sufficient consideration, Boeing and Customer hereby agree as follows:

1. AMENDMENT TO REFLECT SCHEDULED DELIVERY MONTH REVISIONS FOR CERTAIN AIRCRAFT. The Purchase Agreement is amended and supplemented to reflect the rescheduling of the Scheduled Delivery Months for the following eight Aircraft ("Rescheduled Aircraft") as follows:

FROM SCHEDULED DELIVERY MONTH	MSN	TO SCHEDULED DELIVERY MONTH
[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]		[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

2. REVISED SCHEDULED DELIVERY MONTH. Table 2 and Table 3 to the Purchase Agreement are hereby replaced in their entirety with the revised Table 1 attached hereto and hereby made a part of the Purchase Agreement. The Scheduled Delivery Months for all nine Aircraft on order ("Existing Firm Aircraft") as of the date of this Agreement (including the Rescheduled Aircraft referenced above) are reflected in the attached Table 1. In addition, pursuant to Letter Agreement no. 6-1162-LAJ-936, the Airframe Price and Optional Features Price for the Existing Firm Aircraft listed in Table 1 have been escalated to July 2003 dollars. Such Optional Features for the Existing Firm Aircraft are reflected in the American Airlines 777-223 Optional Features listing attached hereto and hereby made a part of this Agreement.

3. [CONFIDENTIAL PORTION {2 PAGES} OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

4. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] ELIGIBLE MODEL AIRCRAFT. Pursuant to Letter Agreement 6-1162-LAJ-936, Customer and Boeing agreed to revise the Aircraft Information Tables containing the Aircraft Description, Price, and Proposal Deposit information for those currently available Eligible Model aircraft identified in Letter Agreement No. 6-1162-AKP-110R1 (the "Rights Letter") and, accordingly, the Rights Letter is hereby modified by replacing Attachments A-1 through A-11 in their entirety with the revised Attachment A attached hereto and hereby made a part of the Purchase Agreement. The Eligible Model aircraft identified in the Rights Letter will be modified from time to time to reflect the latest Detail Specification for Customer's 777-223 Aircraft and the latest generic Boeing detail specification for all other models described in Attachment A. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

5. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

6. MADP AND QADP RIGHTS. The Rights Letter is hereby modified by replacing each of Attachment B and Attachment C in its entirety with the revised Attachment B and Attachment C, respectively, attached hereto and such attachments are hereby made a part of the Purchase Agreement.

7. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

8. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

9. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

10. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

11. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

12. EFFECT ON PURCHASE AGREEMENT. Except as expressly set forth herein, all terms and provisions contained in the Purchase Agreement shall remain in full force and effect. This Agreement contains the entire agreement between the parties with respect to the subject matter hereof and supersedes all previous proposals, and agreements, understandings, commitments or representations whatsoever, oral or written, with respect to the subject matter hereof and may be changed only in writing signed by authorized representatives of the parties.

IN WITNESS WHEREOF, Boeing and Customer have each caused this Agreement to be duly executed as of the day and year first above written.

AMERICAN AIRLINES, INC.	THE BOEING COMPANY
By _____	By_____
Its VP Corporate Development and Treasurer	Its Attorney-In-Fact

Attachments: Table 1 to Purchase Agreement No. 1980, 777-223ER Aircraft Delivery, Description, Price and Advance Payments, (Rolls Royce Engines)

American Airlines 777-223 Optional Features

Schedule 1 to Table 1 of Purchase Agreement No. 1980, 777-223 Advance Payment Schedule

Attachment A Letter Agreement 6-1162-AKP-110R1, Aircraft Purchase Rights and Substitution Rights

Attachment B to Letter Agreement 6-1162-AKP-110R1, Aircraft Purchase Rights and Substitution Rights

Attachment C to Letter Agreement 6-1162-AKP-110R1, Aircraft Purchase Rights and Substitution Rights

Letter Agreement 6-1162-AKP-109R1, Business Considerations

Exhibit [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] to AGTA No. AGTA-AAL [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

TABLE 1 TO PURCHASE AGREEMENT NO. 1980
AIRCRAFT DELIVERY, DESCRIPTION, PRICE AND ADVANCE PAYMENTS

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

AMERICAN AIRLINES AA 777-223 OPTIONAL FEATURES

[CONFIDENTIAL PORTION {7 PAGES} OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

SCHEDULE 1 TO TABLE 1 TO
PURCHASE AGREEMENT 1980

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

ATTACHMENT A. 6-1162-AKP-110R1

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

ATTACHMENT B TO LETTER AGREEMENT 6-1162-AKP-110R1 (MODEL 777)
MADP RIGHTS AIRCRAFT DELIVERY MONTHS AND EXERCISE DATES

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

ATTACHMENT C TO LETTER AGREEMENT 6-1162-AKP-110R1 (MODEL 777)
QADP RIGHTS AIRCRAFT DELIVERY QUARTERS AND EXERCISE DATES

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

6-1162-AKP-109R1

American Airlines, Inc.
P.O. Box 619616
Dallas-Fort Worth Airport, Texas 75261-9616

Subject: Business Considerations

Reference: Purchase Agreement No. 1980 between The Boeing Company and
American Airlines,Inc. relating to Model 777-223ER Aircraft

This letter agreement (Letter Agreement) is entered into on the date below and amends and supplements the Purchase Agreement referenced above. All capitalized terms used herein but not otherwise defined in this Letter Agreement shall have the same meanings assigned thereto in Exhibit C to the Purchase Agreement or elsewhere in such Purchase Agreement.

1. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

2. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

3. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

4. [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

5. Confidential Treatment.

Customer and Boeing understand that certain commercial and financial information contained in this Letter Agreement are considered by Boeing and Customer as confidential. Customer and Boeing agree that each will treat this Letter Agreement and the information contained herein as confidential and will not, without the prior written consent of the other, disclose this Letter Agreement or any information contained herein to any other person or entity, except as provided in this Letter Agreement and or the Purchase Agreement.

Very truly yours,

THE BOEING COMPANY

By _____

Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: January 11, 2005

AMERICAN AIRLINES, INC.

By _____

Its VP - Corporate Development and Treasurer

EXHIBIT [CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

TO

AIRCRAFT GENERAL TERMS AGREEMENT NO. AGTA-AAL

BETWEEN

THE BOEING COMPANY

AND

AMERICAN AIRLINES, INC.

[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

BOEING PROPRIETARY

1. [CONFIDENTIAL PORTION {2 PAGES} OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

2. [CONFIDENTIAL PORTION {2 PAGES} OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

Exhibit 10.103

EXECUTION COPY

==========

CREDIT AGREEMENT
dated as of December 17, 2004

Among

AMERICAN AIRLINES, INC.,
as Borrower,

AMR CORPORATION,
as Parent Guarantor,

CITICORP USA, INC.,
as Administrative Agent,

JPMORGAN CHASE BANK, N.A.,
as Syndication Agent,

and

the Other Lenders Party Thereto.

==========

CITIGROUP GLOBAL MARKETS INC. and J.P. MORGAN SECURITIES INC.,

as Joint Lead Arrangers and Joint Book-Running Managers

TABLE OF CONTENTS

SCHEDULES

EXHIBITS

CREDIT AGREEMENT

CREDIT AGREEMENT dated as of December 17, 2004 among American Airlines, Inc., a Delaware corporation (the "BORROWER"), AMR Corporation, a Delaware corporation ("AMR"), the banks, financial institutions and other institutional lenders listed on the signature pages hereof (the "INITIAL LENDERS"), Citicorp USA, Inc. ("CUSA"), as Administrative Agent (the "AGENT") for the Lenders (as hereinafter defined), JPMorgan Chase Bank, N.A., as Syndication Agent (the "SYNDICATION AGENT") and Citigroup Global Markets Inc. and J.P. Morgan Securities Inc., as Joint Lead Arrangers and Joint Book-Running Managers (collectively, the "LEAD ARRANGERS").

PRELIMINARY STATEMENTS:

(1) The Borrower has entered into a Credit Agreement dated as of December 15, 2000, among the Borrower, Citibank, N.A., as administrative agent, JPMorgan Chase Bank, as syndication agent, and the various financial institutions and other Persons party thereto, as lenders, as amended by (i) Amendment No. 1 dated as of November 30, 2001, (ii) the Waiver and Amendment dated as of March 31, 2003 and (iii) the Letter Amendment dated as of September 22, 2004 (such Credit Agreement, as so amended, the "EXISTING CREDIT AGREEMENT").

(2) The Borrower has requested that the Lenders agree to lend to the Borrower an aggregate amount of up to $850,000,000 (i) to repay in full any amounts outstanding under the Existing Credit Agreement, (ii) to pay transaction fees and expenses and (iii) for general corporate purposes of the Borrower and its subsidiaries. The Initial Lenders are willing to lend such amounts on the terms and conditions of this Agreement.

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I

DEFINITIONS AND ACCOUNTING TERMS

SECTION 1.01. Certain Defined Terms. As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"AA COLLATERAL" means, collectively, (a) the "Collateral" as such term is defined in the Aircraft Security Agreement and (b) the "Collateral" as such term is defined in the SGR Security Agreement (it being understood that "Collateral" under the SGR Security Agreement shall, in any case for purposes of this Agreement, consist of the Narita Collateral).

"ADVANCE" means a Term Advance or a Revolving Credit Advance.

"AFFILIATE" means, as to any Person, any other Person that, directly or indirectly, controls, is controlled by or is under common control with such Person. For purposes of this definition, the term "control" (including the terms "controlling", "controlled by" and "under common control with") of a Person means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of Voting Interests, by contract or otherwise.

"AGENT" has the meaning specified in the recital of parties to this Agreement.

"AGENT'S ACCOUNT" means the account of the Agent maintained by the Agent at Citibank, N.A., at its office at 388 Greenwich Street, New York, New York 10013, Account No. 36852248, ABA #021000089, Account Name: Medium Term Finance, Reference: American Airlines, or such other account of the Agent as is designated in writing from time to time by the Agent to the Borrower and the Lenders for such purpose.

"AGGREGATE COLLATERAL VALUE" means, at any time, the sum of (without duplication):

(a) with respect to Eligible Aircraft, 50% of the Aircraft Value thereof; and

(b) with respect to Eligible Cash Collateral, the Cash Collateral Value thereof;

provided, however, that (i) the Aircraft Value of MD-80 Aircraft constituting Eligible Aircraft included in the calculation of Aggregate Collateral Value shall not exceed 30% of the Aircraft Value of the Eligible Aircraft at such time, (ii) the Aircraft Value of Eligible Aircraft in Temporary Storage included in the calculation of Aggregate Collateral Value shall not exceed 10% of the Aircraft Value of the Eligible Aircraft at such time and (iii) there shall be excluded from the calculation of Aggregate Collateral Value any Aircraft in Deep Storage.

"AGREEMENT" means this Credit Agreement, as amended, amended and restated, supplemented or otherwise modified from time to time.

"AGREEMENT VALUE" means, for each Hedge Agreement, on any date of determination, an amount determined by the Agent equal to: (a) in the case of a Hedge Agreement documented pursuant to the Master Agreement (Multicurrency-Cross Border) published by the International Swap and Derivatives Association, Inc. (the "MASTER AGREEMENT"), the amount, if any, that would be payable by any Loan Party or any of its Subsidiaries to its counterparty to such Hedge Agreement, as if (i) such Hedge Agreement was being terminated early on such date of determination, (ii) such Loan Party or Subsidiary was the sole "Affected Party", and (iii) the Agent was the sole party determining such payment amount (with the Agent making such determination pursuant to the provisions of the form of Master Agreement); (b) in the case of a Hedge Agreement traded on an exchange, the mark-to-market value of such Hedge Agreement, which will be the unrealized loss on such Hedge Agreement to the Loan Party or Subsidiary of a Loan Party party to such Hedge Agreement determined by the Agent based on the settlement price of such Hedge Agreement on such date of determination; or (c) in all other cases, the mark-to-market value of such Hedge Agreement, which will be

the unrealized loss on such Hedge Agreement to the Loan Party or Subsidiary of a Loan Party party to such Hedge Agreement determined by the Agent as the amount, if any, by which (i) the present value of the future cash flows to be paid by such Loan Party or Subsidiary exceeds (ii) the present value of the future cash flows to be received by such Loan Party or Subsidiary pursuant to such Hedge Agreement; capitalized terms used and not otherwise defined in this definition shall have the respective meanings set forth in the above described Master Agreement.

"AIRCRAFT" means at any time, the Airframes and Engines set forth on Schedule 1 to the Aircraft Security Agreement, as supplemented or amended from time to time in accordance with Section 5.01(n), including from and after the Effective Date, the Airframes and Engines described in the Security Agreement Supplement originally executed and delivered under the Aircraft Security Agreement and any Replacement Airframe or Replacement Engine substituted for any collateral in accordance with Section 5.01(n), whether or not, in the case of any such Engines, such initial Engines or Replacement Engines may from time to time be installed on such Airframe or installed on any other airframe or any other aircraft. The term "AIRCRAFT" shall include any Replacement Aircraft.

"AIRCRAFT SECURITY AGREEMENT" has the meaning specified in Section 3.01(a)(ii).

"AIRCRAFT VALUE" means, at any time, with respect to any Aircraft, the current market value, as reflected in the Appraisal Report then most recently delivered to the Agent with respect to such Aircraft.

"AIRFRAME" means (a) each of the Unencumbered Stage 3 Aircraft (except the Engines or engines from time to time installed thereon) listed on Schedule 1 to the Aircraft Security Agreement, as supplemented or amended from time to time in accordance with Section 5.01(n) and (b) any and all Parts so long as the same shall be incorporated or installed in or attached to such aircraft.

"AMR" has the meaning specified in the recital of parties to this Agreement.

"AMR COLLATERAL" means the "Collateral" as such term is defined in the Pledge Agreement.

"AMR SUBSIDIARY" means any corporation of which AMR owns or controls, directly or indirectly, more than 50% of the Voting Interests.

"APPLICABLE LENDING OFFICE" means, with respect to each Lender, such Lender's Domestic Lending Office in the case of a Base Rate Advance and such Lender's Eurodollar Lending Office in the case of a Eurodollar Rate Advance.

"APPLICABLE MARGIN" means (a) in respect of the Term Facility, 5.25% per annum, in the case of Eurodollar Rate Advances, and 4.25% per annum, in the case of Base Rate Advances, and (b) in respect of the Revolving Credit Facility, (i) for the first six months after the Effective Date, 4.75% per annum, in the case of Eurodollar Rate Advances, and 3.75% per annum, in the case of Base Rate Advances, and (ii) thereafter, a

percentage per annum to be determined by reference to the Pricing Level as set forth below:

Pricing Level	Applicable Margin for Eurodollar Rate Advances	Applicable Margin for Base Rate Advances
Level 1	3.25%	2.25%
Level 2	4.00%	3.00%
Level 3	4.75%	3.75%
Level 4	5.25%	4.25%

"APPRAISAL REPORT" means, (a) with respect to any Aircraft or Engine, an extended desktop appraisal prepared by an Appraiser, which does not include any on-site inspection of such Aircraft or Engine or its maintenance records, and which assumes its physical condition is average for an aircraft or engine of its type and age and its maintenance time status is at mid-life, mid-time, and (b) with respect to the Narita Collateral, an appraisal report prepared by an Appraiser in form and substance reasonably satisfactory to the Agent (it being agreed that an Appraisal Report substantially in the form of the Appraisal Report delivered on the Effective Date shall be deemed to be reasonably satisfactory to the Agent).

"APPRAISER" means, in the case of Aircraft and Engines, Airclaims Ltd., and in the case of the Narita Collateral, Simat, Helliesen & Eichner, Inc., or in either case, if for any reason such Person ceases or is unable at such time to provide an appraisal of the type set forth under the definition of "Appraisal Report" (including, without limitation, by virtue of the fact that such Person ceases to exist), such other independent appraiser as may be selected by the Agent with the reasonable consent of the Borrower; provided that if the Agent fails to select such an independent appraiser within 5 Business Days after a request by the Borrower to do so, the Borrower may designate such an independent appraiser by notice to the Agent.

"APPROPRIATE LENDER" means, at any time, with respect to either the Term Facility or the Revolving Credit Facility, a Lender that has a Commitment with respect to such Facility at such time.

"ASSIGNMENT AND ACCEPTANCE" means an assignment and acceptance entered into by a Lender and an Eligible Assignee, and accepted by the Agent, in accordance with Section 9.07 and in substantially the form of Exhibit C hereto.

"BANKRUPTCY CODE" means Chapter 11 of the Bankruptcy Code (11 U.S.C. ss.ss. 101 et seq.), as amended or any successor statutes thereto.

"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 highest of:

(a) The rate of interest announced publicly by Citibank, N.A. in New York, New York, from time to time, as Citibank, N.A.'s base rate;

(b) -1/2 of 1% per annum above the Federal Funds Rate; and

(c) the sum (adjusted to the nearest -1/4 of 1% or, if there is no nearest -1/4 of 1%, to the next higher -1/4 of 1%) of (i) -1/2 of 1% per annum, plus (ii) the rate obtained by dividing (A) the latest three-week moving average of secondary market morning offering rates in the United States for three-month certificates of deposit of major United States money market banks, such three-week moving average (adjusted to the basis of a year of 360 days) being determined weekly on each Monday (or, if such day is not a Business Day, on the next succeeding Business Day) for the three-week period ending on the previous Friday by Citibank, N.A. on the basis of such rates reported by certificate of deposit dealers to and published by the Federal Reserve Bank of New York or, if such publication shall be suspended or terminated, on the basis of quotations for such rates received by Citibank, N.A. from three New York certificate of deposit dealers of recognized standing selected by Citibank, N.A., by (B) a percentage equal to 100% minus the average of the daily percentages specified during such three-week period by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including, but not limited to, any emergency, supplemental or other marginal reserve requirement) for Citibank, N.A. with respect to liabilities consisting of or including (among other liabilities) three-month U.S. dollar non-personal time deposits in the United States, plus (iii) the average during such three-week period of the annual assessment rates estimated by Citibank, N.A. for determining the then current annual assessment payable by Citibank, N.A. to the Federal Deposit Insurance Corporation (or any successor) for insuring the U.S. dollar deposits of Citibank, N.A. in the United States.

"BASE RATE ADVANCE" means an Advance that bears interest as provided in Section 2.06(a)(i).

"BENEFIT ARRANGEMENT" means at any time an employee benefit plan within the meaning of Section 3(3) of ERISA which is not a Plan or a Multiemployer Plan and which is maintained or otherwise contributed to by any member of the ERISA Group.

"BORROWER" has the meaning specified in the recital of parties to this Agreement.

"BORROWER'S ACCOUNT" means the account of the Borrower maintained by the Borrower with JPMorgan Chase Bank, N.A. at its office at One Chase Plaza, New York, New York 10081, Account No. 910-1-019884, or such other account as the Borrower shall specify in writing to the Agent.

"BORROWING" means a Term Borrowing or a Revolving Credit Borrowing.

"BUSINESS DAY" means a day of the year on which banks are not required or authorized by law to close in New York City and, if the applicable Business Day relates to any Eurodollar Rate Advances, on which dealings are carried on in the London interbank market.

"CASH COLLATERAL ACCOUNT" has the meaning set forth in the Aircraft Security Agreement.

"CASH COLLATERAL VALUE" means, with respect to any cash and/or Permitted Investments in or being deposited in or credited to the Cash Collateral Account at any time, the face value thereof.

"CASH FLOW COVERAGE RATIO" means, with respect to any period, the ratio of Covenant Cash Flow for such period to Fixed Charges for such period.

"CHANGE IN CONTROL" means such time as at any time, (i) AMR shall cease to own directly 100% of the Equity Interests in the Borrower; (ii) a "person" or "group" (within the meaning of Sections 13(d) and 14(d)(2) of the Exchange Act), other than an Employee Benefit Plan or any AMR Subsidiary, shall become the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of more than 25% of the total voting power of all classes then outstanding of AMR's Voting Interests; (iii) one or more Employee Benefit Plans shall become in aggregate the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of more than 40% of the total voting power of all classes then outstanding of AMR's Voting Interests or (iv) during any period of 24 consecutive months, individuals who at the beginning of such period constitute AMR's Board of Directors (together with any new director whose election by AMR's Board of Directors or whose nomination for election by AMR's stockholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason (other than death or disability) to constitute a majority of the directors then in office.

"CHANGE IN TAX LAW" means, with respect to any Lender, a change in or amendment to the Internal Revenue Code or a change in, or amendment to, or the entering into of, an income tax treaty between the United States of America and the jurisdiction where such Lender is a tax resident, or a change in or amendment to the treasury regulations, or the issuance of any rulings, in each case that occurred after such Lender became a Lender; provided that in the case of any Lender claiming exemption from Indemnified Taxes under Section 871(h) or 881(c) of the Internal Revenue Code, "Change in Tax Law" shall be limited to a change in or amendment to the Internal Revenue Code that occurred after such Lender became a Lender.

"COLLATERAL" means the AA Collateral and the AMR Collateral.

"COLLATERAL DOCUMENTS" means the Aircraft Security Agreement, the SGR Security Agreement, the Pledge Agreement, each of the collateral documents, instruments and supplements delivered pursuant to Section 5.01(n) (including, without

limitation, the Security Arrangements), and each other agreement to which the Borrower or the Parent Guarantor is a party that creates or purports to create a Lien in favor of the Agent for the benefit of the Secured Parties.

"COMMITMENT" means a Term Commitment or a Revolving Credit Commitment.

"COMMUNICATIONS" has the meaning specified in Section 9.02(b).

"CONFIDENTIAL INFORMATION" means information that any Loan Party furnishes to the Agent or any Lender in a writing designated as confidential, but does not include any such information that is or becomes generally available to the public or that is or becomes available to the Agent or such Lender from a source other than the Loan Parties.

"CONSOLIDATED" refers to the consolidation of accounts in accordance with GAAP.

"CONSOLIDATED NET INCOME" means, for any period, the consolidated net income of the Parent Guarantor and its Subsidiaries for such period, before dividends.

"CONTRACTUAL OBLIGATION" means, as to any Person, any provision of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

"CONVERSION", "CONVERT" and "CONVERTED" each refer to a conversion of Advances of one Type into Advances of the other Type pursuant to Section 2.07 or 2.10.

"COVENANT CASH FLOW" means, for any period, Consolidated Net Income for such period, (i) excluding therefrom (A) any extraordinary items of gain or loss for such period, (B) any gain or loss of any other Person for such period accounted for on the equity method, except to the extent of cash distributions received during such period and (C) any non-cash gains or losses for such period, (ii) plus cash payments received (or minus cash payments made) by the Parent Guarantor and its consolidated Subsidiaries during such period in respect of such non-cash gains or losses recognized in any previous fiscal quarter, (iii) plus the aggregate amounts deducted in determining Consolidated Net Income for such period in respect of (w) interest expense (less capitalized interest), (x) without duplication, income taxes, (y) depreciation and amortization expense and (z) Rentals.

"CUSA" has the meaning specified in the recital of parties to this Agreement.

"DEBT" of any Person means at any date, without duplication, (i) all obligations of such Person for borrowed money (including obligations to reimburse any bank in respect of amounts paid under a letter of credit or similar instrument), (ii) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (iii) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business, (iv) all obligations of such Person as lessee which are capitalized in accordance with generally accepted accounting principles, (v) all Debt of others secured by a Lien on any asset of such Person, whether or not such Debt is assumed by such Person, (vi) all Debt of others

Guaranteed by such Person, (vii) all Obligations of such Person to purchase, redeem, retire, defease or otherwise make any payment in respect of any Equity Interests in such Person or any other Person or any warrants, rights or options to acquire such Equity Interests, valued, in the case of Redeemable Preferred Interests, at the greater of its voluntary or involuntary liquidation preference plus accrued and unpaid dividends, (viii) all Obligations of such Person in respect of Hedge Agreements, valued at the Agreement Value thereof, and (ix) all Off-Balance Sheet Obligations of such Person.

"DEEP STORAGE" for any Aircraft means that such Aircraft has been stored (1) with a low expectation of a return to service, sale or lease within one year and (2) in a manner intended to minimize over a period of more than one year the rate of environmental degradation of the structure and components of such Aircraft during such period, in each case, as such storage status is reported in good faith by the Borrower to the Agent at the time of the applicable appraisal.

"DEFAULT" means any Event of Default or any event that would constitute an Event of Default but for the requirement that notice be given or time elapse or both.

"DEFAULTED ADVANCE" means, with respect to any Lender at any time, the portion of any Advance required to be made by such Lender to the Borrower pursuant to Section 2.01 or 2.02 at or prior to such time that has not been made by such Lender or by the Agent for the account of such Lender pursuant to Section 2.02(d) as of such time. In the event that a portion of a Defaulted Advance shall be deemed made pursuant to Section 2.17(a), the remaining portion of such Defaulted Advance shall be considered a Defaulted Advance originally required to be made pursuant to Section 2.01 on the same date as the Defaulted Advance so deemed made in part.

"DEFAULTED AMOUNT" means, with respect to any Lender at any time, any amount required to be paid by such Lender to the Agent or any other Lender hereunder or under any other Financing Document at or prior to such time that has not been so paid as of such time, including, without limitation, any amount required to be paid by such Lender to (a) the Agent pursuant to Section 2.02(d) to reimburse the Agent for the amount of any Advance made by the Agent for the account of such Lender, (b) any other Lender pursuant to Section 2.13 to purchase any participation in Advances owing to such other Lender and (c) the Agent pursuant to Section 8.05 to reimburse the Agent for such Lender's ratable share of any amount required to be paid by the Lender to the Agent as provided therein. In the event that a portion of a Defaulted Amount shall be deemed paid pursuant to Section 2.17(b), the remaining portion of such Defaulted Amount shall be considered a Defaulted Amount originally required to be paid hereunder or under any other Financing Document on the same date as the Defaulted Amount so deemed paid in part.

"DEFAULTING LENDER" means, at any time, any Lender that, at such time, (a) owes a Defaulted Advance or a Defaulted Amount or (b) shall take any action or be the subject of any action or proceeding of a type described in Section 6.01(f).

"DISCLOSURE DOCUMENTS" means, at any time, the annual report of the Borrower on Form 10-K (or any successor form) most recently filed by it with the Securities and Exchange Commission pursuant to Section 13(a) or 15(d) of the Exchange Act and the quarterly and current reports of the Borrower on Form 10-Q or 8-K (or any successor forms), if any, so filed with the Securities and Exchange Commission since the filing of such most recently filed annual report.

"DOLLARS" and the "$" sign each means lawful currency of the United States of America.

"DOMESTIC LENDING OFFICE" means, with respect to any Lender, the office of such Lender specified as its "Domestic Lending Office" opposite its name on Schedule I hereto or in the Assignment and Acceptance pursuant to which it became a Lender, as the case may be, or such other office of such Lender as such Lender may from time to time specify to the Borrower and the Agent.

"DOT" has the meaning specified in the SGR Security Agreement.

"EFFECTIVE DATE" has the meaning specified in Section 3.01.

"ELIGIBLE AIRCRAFT" means the Aircraft set forth on Schedule 1 to the Aircraft Security Agreement as of the Effective Date and such further Unencumbered Stage 3 Aircraft designated by the Borrower (including, without limitation, any such Replacement Aircraft); provided, however, that no such Aircraft or additional aircraft shall be considered to be an Eligible Aircraft at any time unless the Aircraft Security Agreement and the related filings of such Aircraft Security Agreement (or any supplement thereto) create a valid and perfected lien or security interest in such aircraft (and all components thereof) in favor of the Agent, on behalf of the Secured Parties, securing the Secured Obligations, free and clear of all other Liens, other than Permitted Liens.

"ELIGIBLE ASSIGNEE" means (i) a Lender; (ii) an Affiliate of a Lender or (iii) any other Person approved by the Agent, such approval not to be unreasonably withheld or delayed, and, unless an Event of Default has occurred and is continuing at the time any assignment is effected in accordance with Section 9.07, the Borrower, such approval not to be unreasonably withheld or delayed; provided, however, that neither the Borrower nor an Affiliate of the Borrower shall qualify as an Eligible Assignee.

"ELIGIBLE CASH COLLATERAL" means any cash and/or Permitted Investments on deposit in or credited to the Cash Collateral Account in which the Agent, for the benefit of the Secured Parties, shall have a valid and perfected lien or security interest, free and clear of any other Liens.

"EMPLOYEE BENEFIT PLAN" means any "employee benefit plan" (as defined in Section 3(3) of ERISA) maintained by the Borrower, AMR or any Subsidiary of any thereof, or any separate investment fund or any trust or funding vehicle maintained thereunder.

"ENGINE" means each of the engines listed by manufacturer's serial number on Schedule 1 to the Aircraft Security Agreement, as supplemented or amended from time to time in accordance with Section 5.01(n), together, in each case, with any and all Parts so long as the same shall be incorporated or installed in or attached thereto.

"ENVIRONMENTAL ACTION" means any action, suit, demand, demand letter, claim, notice of non-compliance or violation, notice of liability or potential liability, investigation, proceeding, consent order or consent agreement relating in any way to any Environmental Law, any Environmental Permit or Hazardous Material or arising from alleged injury or threat to health, safety or the environment, including, without limitation, (a) by any governmental or regulatory authority for enforcement, cleanup, removal, response, remedial or other actions or damages and (b) by any governmental or regulatory authority or third party for damages, contribution, indemnification, cost recovery, compensation or injunctive relief.

"ENVIRONMENTAL LAW" means any federal, state, local or foreign statute, law, ordinance, rule, regulation, code, order, writ, judgment, injunction, decree or judicial or agency interpretation, policy or guidance relating to pollution or protection of the environment, health, safety or natural resources, including, without limitation, those relating to the use, handling, transportation, treatment, storage, disposal, release or discharge of Hazardous Materials.

"ENVIRONMENTAL PERMIT" means any permit, approval, identification number, license or other authorization required under any Environmental Law.

"EQUITY INTERESTS" means, with respect to any Person, shares of capital stock of (or other ownership interests in) such Person, warrants, options or other rights for the purchase or other acquisition from such Person of shares of capital stock of (or other ownership or profit interests in) such Person, securities convertible into or exchangeable for shares of capital stock of (or other ownership interests in) such Person or warrants, rights or options for the purchase or other acquisition from such Person of such shares (or such other interests), and other ownership interests in such Person (including, without limitation, partnership, member or trust interests therein), whether voting or nonvoting, and whether or not such shares, warrants, options, rights or other interests are authorized or otherwise existing on any date of determination.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

"ERISA GROUP" means the Borrower and all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control which, together with the Borrower, are treated as a single employer under Section 414(b), (c) or (m) of the Internal Revenue Code.

"ESCROW BANK" has the meaning specified in Section 2.17(c).

"EUROCURRENCY LIABILITIES" has the meaning specified in Regulation D of the Board of Governors of the Federal Reserve System, as in effect from time to time.

"EURODOLLAR LENDING OFFICE" means with respect to any Lender, the office of such Lender specified as its "Eurodollar Lending Office" opposite its name on Schedule I hereto or in the Assignment and Acceptance pursuant to which it became a Lender (or, if no such office is specified, its Domestic Lending Office), or such other office of such Lender as such Lender may from time to time specify to the Borrower and the Agent.

"EURODOLLAR RATE" means, for any Interest Period for all Eurodollar Rate Advances comprising part of the same Borrowing, an interest rate per annum equal to the rate per annum obtained by dividing (a) the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) appearing on Telerate Page 3750 (or any successor page) as the London interbank offered rate for deposits in U.S. dollars at 11:00 A.M. (London time) two Business Days before the first day of such Interest Period for a period equal to such Interest Period (provided that, if for any reason such rate is not available, the term "Eurodollar Rate" shall mean, for any Interest Period for all Eurodollar Rate Advances comprising part of the same Borrowing, the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) appearing on Reuters Screen LIBO Page as the London interbank offered rate for deposits in Dollars at approximately 11:00 A.M. (London time) two Business Days prior to the first day of such Interest Period for a term comparable to such Interest Period); provided, however, if more than one rate is specified on Reuters Screen LIBO Page, the applicable rate shall be the arithmetic mean of all such rates) by (b) a percentage equal to 100% minus the Eurodollar Rate Reserve Percentage for such Interest Period.

"EURODOLLAR RATE ADVANCE" means an Advance that bears interest as provided in Section 2.06(a)(ii).

"EURODOLLAR RATE RESERVE PERCENTAGE" for any Interest Period for all Eurodollar Rate Advances comprising part of the same Borrowing means the reserve percentage applicable two Business Days before the first day of such Interest Period under regulations issued from time to time by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including, without limitation, any emergency, supplemental or other marginal reserve requirement) for a member bank of the Federal Reserve System in New York City with respect to liabilities or assets consisting of or including Eurocurrency Liabilities (or with respect to any other category of liabilities that includes deposits by reference to which the interest rate on Eurodollar Rate Advances is determined) having a term equal to such Interest Period.

"EVENT OF DEFAULT" has the meaning specified in Section 6.01.

"EVENT OF LOSS" has the meaning set forth in the Aircraft Security Agreement.

"EXCHANGE ACT" means the Securities Exchange Act of 1934, as amended.

"EXISTING CAPACITY AGREEMENTS" means each of the capacity purchase agreements existing as of the Effective Date and entered into by and among the Borrower and one or more of the Borrower's Affiliates, as such capacity purchase agreements are listed on Schedule 1.01 hereto.

"EXISTING CREDIT AGREEMENT" has the meaning specified in the preliminary statements hereto.

"FAA" means the Federal Aviation Administration.

"FACILITY" means the Term Facility or the Revolving Credit Facility.

"FEDERAL FUNDS RATE" means, for any period, a fluctuating interest rate per annum equal for each day during such period 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 the Agent from three Federal funds brokers of recognized standing selected by it.

"FINANCING DOCUMENTS" means this Agreement, the Notes, the Collateral Documents and the Parent Guaranty.

"FINANCING VEHICLES" has the meaning specified in Section 5.01(j).

"FISCAL YEAR" means a fiscal year of the Borrower and its Consolidated subsidiaries ending on December 31 in any calendar year.

"FIXED CHARGES" means, for any period, to the extent deducted in determining Consolidated Net Income for such period, interest expense (less capitalized interest) and Rentals.

"GAAP" has the meaning specified in Section 1.03.

"GATE LEASEHOLDS" has the meaning specified in the SGR Security Agreement.

"GUARANTEE" by any Person means any obligation, contingent or otherwise, of such Person directly or indirectly guaranteeing any Debt or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or other obligation (whether arising by virtue of partnership arrangements, by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or (ii) entered into for the purpose of assuring in any other manner the obligee of such Debt or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part), provided that the term

"Guarantee" shall not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee" used as a verb has a corresponding meaning.

"GUARANTEED OBLIGATIONS" for the meaning specified in Section 7.01(a).

"HAZARDOUS MATERIALS" means (a) petroleum or petroleum products, by-products or breakdown products, radioactive materials, asbestos-containing materials, polychlorinated biphenyls and radon gas and (b) any other chemicals, materials or substances designated, classified or regulated as hazardous or toxic or as a pollutant or contaminant under any Environmental Law.

"HEDGE AGREEMENTS" means interest rate swap, cap or collar agreements, interest rate future or option contracts, currency swap agreements, currency future or option contracts and other hedging agreements (including, without limitation, any commodity and fuel hedging agreements).

"INDEMNIFIED COSTS" has the meaning specified in Section 8.05(a).

"INDEMNIFIED PARTY" has the meaning specified in Section 9.04(b).

"INDEMNIFIED TAXES" means, with respect to any Agent or Lender, any Taxes other than (a) any Tax imposed by the state or foreign jurisdiction under the laws of which such Lender or Agent, as the case may be, is organized or any political subdivision thereof and, in the case of each Lender, any tax that is imposed by the state or foreign jurisdiction of such Lender's Applicable Lending Office or any political subdivision thereof, (b) any Tax that would not have been imposed but for a connection between such Lender or Agent or its branch, affiliate, principal office or Applicable Lending Office and the jurisdiction imposing such Tax or any political subdivision thereof or therein that is unrelated to the transactions contemplated by any Financing Document or performing any obligations, receiving any payments or enforcing any rights thereunder, (c) any Tax attributable to such Lender or Agent's failure to comply with Section 2.12(e) of this Credit Agreement or any form or certificate delivered by such Lender or Agent being incorrect, (d) any Tax attributable to such Lender changing its Applicable Lending Office, (e) any Tax imposed as a result of such Agent or Lender not being treated as a beneficial owner of its Note for federal income tax purposes or (f) any Tax arising as a result of the Agent making any payment hereunder or under the Notes or the other Financing Documents through an account or branch outside the United States; provided that in the case of Taxes imposed by the United States, Indemnified Taxes shall only include Taxes imposed as a result of a Change in Tax Law except the limitation set forth in this proviso shall not apply to the extent that a Lender (its transferor or its assignor, if any) was entitled at the time of designation of a new Lending Office (or transfer or assignment) to receive additional amounts from any Loan Party pursuant to Section 2.12 of this Agreement.

"INFORMATION MEMORANDUM" means the information memorandum dated December 2004 used by the Lead Arrangers in connection with the syndication of the Commitments.

"INITIAL EXTENSION OF CREDIT" means the initial Borrowing hereunder.

"INITIAL LENDERS" has the meaning specified in the recital of parties to this Agreement.

"INTEREST PERIOD" means, for each Eurodollar Rate Advance comprising part of the same Borrowing, the period commencing on the date of such Eurodollar Rate Advance or the date of the Conversion of any Base Rate Advance into such Eurodollar Rate Advance, and ending on the last day of the period selected by the Borrower pursuant to the provisions below and, thereafter, each subsequent period commencing on the last day of the immediately preceding Interest Period and ending on the last day of the period selected by the Borrower pursuant to the provisions below. The duration of each such Interest Period shall be one, two, three or six months, as the Borrower may, upon notice received by the Agent not later than 11:00 A.M. (New York City time) on the third Business Day prior to the first day of such Interest Period, select; provided, however, that:

(a) the Borrower may not select any Interest Period with respect to any Eurodollar Rate Advance under a Facility that ends after any principal repayment installment date for such Facility unless, after giving effect to such selection, the aggregate principal amount of Base Rate Advances and of Eurodollar Rate Advances having Interest Periods that end on or prior to such principal repayment installment date for such Facility shall be at least equal to the aggregate principal amount of Advances under such Facility due and payable on or prior to such date;

(b) Interest Periods commencing on the same date for Eurodollar Rate Advances comprising part of the same Borrowing shall be of the same duration;

(c) whenever the last day of any Interest Period would otherwise occur on a day other than a Business Day, the last day of such Interest Period shall be extended to occur on the next succeeding Business Day; provided, however, that, if such extension would cause the last day of such Interest Period to occur in the next following calendar month, the last day of such Interest Period shall occur on the next preceding Business Day; and

(d) whenever the first day of any Interest Period occurs on a day of an initial calendar month for which there is no numerically corresponding day in the calendar month that succeeds such initial calendar month by the number of months equal to the number of months in such Interest Period, such Interest Period shall end on the last Business Day of such succeeding calendar month.

"INTERNAL REVENUE CODE" means the Internal Revenue Code of 1986, as amended from time to time.

"LEAD ARRANGERS" has the meaning specified in the recital of parties to this Agreement.

"LENDERS" means the Initial Lenders and each Person that shall become a party hereto pursuant to Section 9.07 for so long as such Initial Lender or Person, as the case may be, shall be a party to this Agreement.

"LIEN" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset. For the purposes of this Agreement, the Borrower or any Subsidiary shall be deemed to own subject to a Lien any asset which it has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement relating to such asset.

"LOAN PARTIES" means the Borrower and the Parent Guarantor.

"MATERIAL ADVERSE EFFECT" means (i) a material adverse effect on the business, assets, operations, properties or condition (financial or otherwise) of the Borrower and its Subsidiaries, taken as a whole, (ii) a material adverse effect on the ability of the Borrower or the Parent Guarantor to perform its obligations under the Financing Documents or (iii) a material adverse effect on the rights and remedies of the Agent or the Lenders under the Financing Documents.

"MATERIAL CONTRACT" means, with respect to any Person, each contract (as in effect from time to time, as amended, amended and restated, supplemented or otherwise modified) to which such Person is a party and that is material to the business, condition (financial or otherwise), operations, performance or properties of such Person.

"MATERIAL PLAN" means, at any time, a Plan or Plans having aggregate Unfunded Liabilities in excess of $25,000,000.

"MATERIAL SUBSIDIARY" means any Subsidiary that constitutes a "significant subsidiary" of the Borrower within the meaning of Regulation S-X of the Securities and Exchange Commission (as in effect on the date hereof).

"MOODY'S" means Moody's Investors Service, Inc. and any successor thereto.

"MULTIEMPLOYER PLAN" means at any time an employee pension benefit plan within the meaning of Section 4001(a)(3) of ERISA to which any member of the ERISA Group is then making or accruing an obligation to make contributions or has within the preceding five plan years made contributions, including for these purposes any Person which ceased to be a member of the ERISA Group during such five year period.

"NARITA COLLATERAL" means all of the Borrower's Narita Routes, Slots, Narita Slots, Gate Leaseholds and Supporting Route Facilities.

"NARITA ROUTES" has the meaning specified in the SGR Security Agreement.

"NARITA SLOTS" has the meaning specified in the SGR Security Agreement.

"NET WORTH" means the excess of total assets over total liabilities.

"NOTE" means a Term Note or a Revolving Credit Note, as the context may require.

"NOTICE OF BORROWING" has the meaning specified in Section 2.02(a).

"OBLIGATION" means, with respect to any Person, any payment, performance or other obligation of such Person of any kind, including, without limitation, any liability of such Person on any claim, whether or not the right of any creditor to payment in respect of such claim is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, disputed, undisputed, legal, equitable, secured or unsecured, and whether or not such claim is discharged, stayed or otherwise affected by any proceeding referred to in Section 6.01(f). Without limiting the generality of the foregoing, the Obligations of any Loan Party under the Financing Documents include (a) the obligation to pay principal, interest, charges, expenses, fees, attorneys' fees and disbursements, indemnities and other amounts payable by such Loan Party under any Financing Document and (b) the obligation of such Loan Party to reimburse any amount in respect of any of the foregoing that any Lender, in its sole discretion, may elect to pay or advance on behalf of such Loan Party.

"OFF BALANCE SHEET OBLIGATION" means, with respect to any Person, without duplication of any clause within this definition or within the definition of "Debt", all (a) Obligations of such Person under any lease which is treated as an operating lease for financial accounting purposes and a financing lease for tax purposes (i.e., a "synthetic lease"), (b) Obligations of such Person in respect of transactions entered into by such Person, the proceeds from which would be reflected on the financial statements of such Person in accordance with GAAP as cash flows from financings at the time such transaction was entered into (other than as a result of the issuance of Equity Interests) and (c) Obligations of such Person in respect of other transactions entered into by such Person that are not otherwise addressed in the definition of "Debt" or in clause (a) or (b) above that are intended to function primarily as a borrowing of funds (including, without limitation, any minority interest transactions that function primarily as a borrowing).

"OTHER TAXES" has the meaning specified in Section 2.12(b).

"PARENT GUARANTOR" means AMR.

"PARENT GUARANTY" means the Guarantee of the Parent Guarantor set forth in Article VII.

"PARTS" has the meaning set forth in the Aircraft Security Agreement.

"PBGC" means the Pension Benefit Guaranty Corporation (or any successor).

"PERMITTED INVESTMENTS" means any Dollar denominated investment in (i) direct obligations of the United States or any agency thereof, or obligations guaranteed by the United States or any agency thereof, (ii) commercial paper rated at least A-2 by S&P and P-2 by Moody's or (iii) time deposits with, including certificates of deposit issued by, any office located in the United States of any bank or trust company which is organized under

the laws of the United States or any state thereof and has capital, surplus and undivided profits aggregating at least $500,000,000, provided in the case of each of the investments referred to in clauses (i) through (iii) above, (x) such investment matures within six months from the date of acquisition thereof by the Agent and (y) in order to provide the Agent, for the benefit of the Secured Parties, with a perfected security interest therein, each Permitted Investment shall be either: (A) evidenced by negotiable certificates or instruments, or if non-negotiable then issued in the name of the Agent, which (together with any appropriate instruments of transfer) are delivered to, and held by, the Agent or any agent thereof (which shall not be the Borrower or any of its affiliates) in the State of New York; or (B) in book-entry form and issued by the United States and subject to pledge under applicable state law and Treasury regulations and as to which (in the opinion of counsel to the Agent) appropriate measures shall have been taken for perfection of the security interests created under the Aircraft Security Agreement and (iv) such other investments of credit quality not lower than that of the investments referred to in clauses (i) through (iii) above and maturing within six months from the date of acquisition thereof by the Agent, as to which the Agent shall have received satisfactory assurances that appropriate measures shall have been taken for perfection of the security interests created under the Aircraft Security Agreement.

"PERMITTED LIENS" means:

(1) the respective rights and interests created by or pursuant to or resulting from the Financing Documents, and the respective rights of the Agent and the Loan Parties as therein provided;

(2) the rights of others under agreements or arrangements to the extent expressly permitted by Sections 5.02(a) and 5.04(b) of the Aircraft Security Agreement or by the terms of the SGR Security Agreement;

(3) Liens for taxes either not yet due or being contested in good faith (and for the payment of which adequate reserves have been provided) by appropriate proceedings so long as such proceedings do not involve any substantial danger of the sale, forfeiture or loss of any Airframe or any Engine, or any interest therein;

(4) materialmen's, mechanics', workers', repairmen's, employees', or other Liens arising in the ordinary course of business for amounts the payment of which is either not yet delinquent or is being contested in good faith (and for the payment of which adequate reserves have been provided) by appropriate proceedings so long as such proceedings do not involve any substantial danger of the sale, forfeiture or loss of any Airframe or any Engine, or any interest therein;

(5) Liens (other than Liens for taxes) arising out of judgments or awards against any Loan Party with respect to which at the time an appeal or proceeding for review is being prosecuted in good faith and with respect to which there shall have been secured a stay of execution pending such appeal or proceeding for review, and which such Liens relate to any Collateral only as a

result of a general Lien on the assets of such Loan Party in one or more jurisdictions and are not entitled to priority with respect to Collateral over any Lien created by the Collateral Documents;

(6) salvage or similar rights of insurers under insurance policies maintained pursuant to Section 5.06 of the Aircraft Security Agreement; and

(7) Liens arising after the Effective Date to satisfy a condition for granting or modifying a waiver of the minimum funding standards or extension of amortization periods under Section 412 of the Internal Revenue Code in respect of a Plan, provided the interests and rights under such Liens are subordinated to the claims, rights and interests of the Lenders and Agent under the Financing Documents upon terms reasonably satisfactory to the Agent.

"PERSON" means an individual, partnership, corporation (including a business trust), limited liability company, joint stock company, trust, unincorporated association, joint venture or other entity, or a government or any political subdivision or agency thereof.

"PLAN" means at any time an employee pension benefit plan (other than a Multiemployer Plan) which is covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Internal Revenue Code and either (i) is maintained, or contributed to, by any member of the ERISA Group for employees of any member of the ERISA Group or (ii) has at any time within the preceding five years been maintained, or contributed to, by any Person which was at such time a member of the ERISA Group for employees of any Person which was at such time a member of the ERISA Group.

"PLATFORM" has the meaning specified in Section 9.02(c).

"PLEDGE AGREEMENT" has the meaning specified in Section 3.01(a)(iv).

"PREFERRED INTERESTS" means, with respect to any Person, Equity Interests issued by such Person that are entitled to a preference or priority over any other Equity Interests issued by such Person upon any distribution of such Person's property and assets, whether by dividend or upon liquidation.

"PRICING LEVEL" means, as of any date of determination, the level set forth as then in effect for the Borrower, as determined in accordance with the following provisions of this definition:

Level 1: Senior Secured Debt Rating of not lower that BB by S&P and not lower than Ba3 by Moody's.

Level 2: Level 1 does not apply and a Senior Secured Debt Rating of not lower than BB- by S&P and not lower than B1 by Moody's.

Level 3: Level 1 and 2 do not apply and a Senior Secured Debt Rating of not lower than B+ by S&P and not lower than B2 by Moody's.

Level 4: Levels 1, 2 and 3 do not apply.

"REDEEMABLE" means, with respect to any Equity Interest, any such Equity Interest that (a) the issuer has undertaken to redeem at a fixed or determinable date or dates, whether by operation of a sinking fund or otherwise, or upon the occurrence of a condition not solely within the control of the issuer or (b) is redeemable at the option of the holder.

"REGISTER" has the meaning specified in Section 9.07(c).

"REGULATION U" means Regulation U of the Board of Governors of the Federal Reserve System, as in effect from time to time.

"RENTALS" means the aggregate amounts payable by the Parent Guarantor or any Subsidiary, as lessee, to a lessor with respect to and pursuant to the terms of any operating lease for a specified period.

"REPLACEMENT AIRCRAFT" means any Unencumbered Stage 3 Aircraft of which a Replacement Airframe is part.

"REPLACEMENT AIRFRAME" means an airframe (except Engines or engines from time to time installed thereon) constituting part of an Unencumbered Stage 3 Aircraft, which shall have been added to Schedule 1 to the Aircraft Security Agreement or made subject to the Lien of the Aircraft Security Agreement pursuant to Section 5.01(n)(iii) or (v), together with all Parts relating to such airframe.

"REPLACEMENT ENGINE" means an engine of make and model suitable for use on any Airframe or Replacement Airframe, which shall have been added to Schedule 1 to the Aircraft Security Agreement pursuant to Section 5.01(n)(iii) or (v), together with all Parts relating to such engine.

"REQUIRED COLLATERAL AMOUNT" means, at any time, the sum of (a) the aggregate amount of the Revolving Credit Commitments at such time, or if such Revolving Credit Commitments shall have been terminated, an amount equal to the aggregate unpaid principal amount of the Revolving Credit Advances, plus (b) an amount equal to the aggregate unpaid principal amount of the Term Advances.

"REQUIRED LENDERS" means, at any time, Lenders owed or holding at least a majority in interest of the sum of (a) the aggregate principal amount of the Advances outstanding at such time and (b) the aggregate unused Revolving Credit Commitments at such time; provided, however, that if any Lender shall be a Defaulting Lender at such time, there shall be excluded from the determination of Required Lenders at such time (A) the aggregate principal amount of the Advances owing to such Lender (in its capacity as a Lender) and outstanding at such time and (B) the unused Revolving Credit Commitment of such Lender at such time.

"RESPONSIBLE OFFICER" means any senior executive officer, senior accounting officer or treasurer of the Borrower, or any vice president, director or managing director of the Borrower having responsibility for the administration of this Agreement.

"REVOLVING CREDIT ADVANCE" has the meaning specified in Section 2.01(b).

"REVOLVING CREDIT BORROWING" means a borrowing consisting of simultaneous Revolving Credit Advances of the same Type made by each of the Revolving Credit Lenders pursuant to Section 2.01(b).

"REVOLVING CREDIT COMMITMENT" means, with respect to any Revolving Credit Lender at any time, the amount set forth opposite such Revolving Credit Lender's name on Schedule I hereto under the caption "Revolving Credit Commitment" or, if such Revolving Credit Lender has entered into any one or more Assignment and Acceptances, the amount set forth for such Lender in the Register maintained by the Agent pursuant to Section 9.07(c) as such Lender's "Revolving Credit Commitment", as such amount may be reduced at or prior to such time pursuant to Section 2.04.

"REVOLVING CREDIT FACILITY" means, at any time, the aggregate amount of the Revolving Credit Commitments at such time.

"REVOLVING CREDIT LENDER" means any Lender that has a Revolving Credit Commitment.

"REVOLVING CREDIT NOTE" means a promissory note of the Borrower payable to the order of any Revolving Credit Lender, in substantially the form of Exhibit A-1 hereto, evidencing the aggregate indebtedness of the Borrower to such Revolving Credit Lender resulting from the Revolving Credit Advances made by such Revolving Credit Lender, as amended.

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

"SECURED OBLIGATIONS", in respect of the AA Collateral, has the meaning specified in Section 2 of each of the Aircraft Security Agreement and the SGR Security Agreement, and, in respect of the AMR Collateral, has the meaning specified in Section 2 of the Pledge Agreement.

"SECURED PARTIES" means the Agent and the Lenders.

"SECURITY ARRANGEMENTS" has the meaning set forth in Section 5.01(n)(ii).

"SECURITY OPINIONS" means, with respect to any item referred to in Section 5.01(n), (a) an opinion of the General Counsel of the Borrower substantially in the form of Exhibit H-1 hereto and (b) an opinion of Daugherty Fowler Peregrin & Haught (or such other counsel acceptable to the Required Lenders) substantially in the form of Exhibit H-2 hereto.

"SENIOR SECURED DEBT RATING" means, as of any date, the senior secured debt rating that has been most recently announced by Moody's or S&P for the Facilities. For purposes of the foregoing, (a) if only one of S&P and Moody's shall have in effect a Senior Secured Debt Rating, the Applicable Margin shall be determined by reference to the available rating; (b) if both S&P and Moody's shall not have in effect a Senior Secured Debt Rating, the Applicable Margin will be set in accordance with Level 4 under the definition of "Applicable Margin"; (c) if any rating established by S&P or Moody's shall be changed, such change shall be effective as of the date on which such change is first announced publicly by the rating agency making such change; and (d) if S&P or Moody's shall change the basis on which ratings are established, each reference to the Senior Secured Debt Rating announced by S&P or Moody's, as the case may be, shall refer to the then equivalent rating by S&P or Moody's, as the case may be.

"SGR SECURITY AGREEMENT" has the meaning specified in Section 3.01(a)(iii).

"SHORT TERM INVESTMENTS" means, as of any date of determination, any US dollar denominated investment in: (i) direct obligations of the United States or any agency thereof, or guaranteed by the United States or any agency thereof; (ii) commercial paper issued by corporations, sovereigns or special purpose entities (i.e., asset backed commercial paper) rated at least A-1 by S&P and P-1 by Moody's; (iii) certificates of deposit, time deposits and bank notes of any bank or trust company rated not less than A by S&P and A2 by Moody's; (iv) corporate or municipal securities rated not less than A by S&P and A2 by Moody's; and (v) mortgage backed and asset backed securities rated not less than A by S&P and A2 by Moody's; provided in the case of each of the investments referred to in clauses (i) through (v) above, such investment matures within eighteen months from the date of such determination.

"SLOTS" has the meaning specified in the SGR Security Agreement.

"SUBSIDIARY" means any corporation of which the Borrower and/or one or more Subsidiaries at the time owns or controls, directly or indirectly, more than 50% of the shares of stock having general voting power under ordinary circumstances to elect a majority of the board of directors, managers or trustees of such corporation (irrespective of whether or not at the time stock of any other class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency).

"SUPPLEMENTAL AGENT" has the meaning specified in Section 8.01(c).

"SUPPORTING ROUTE FACILITIES" has the meaning specified in the SGR Security Agreement.

"SYNDICATION AGENT" has the meaning specified in the recital of parties to this Agreement.

"TAXES" means any present or future taxes, levies, imposts, deductions, charges or withholdings imposed by any governmental authority.

"TEMPORARY STORAGE" for any Aircraft means that such Aircraft (A) has been stored (1) without a scheduled or planned return to active service, sale or lease and (2) in a manner suitable for an aircraft expected to be returned to service, sold or leased within one year, (B) has been in such storage for less than one year, and (C) may be removed from such storage without material cost for such removal, in each case, as such storage status is reported in good faith by the Borrower to the Agent at the time of the applicable appraisal.

"TERM ADVANCE" has the meaning specified in Section 2.01(a).

"TERM BORROWING" means a borrowing consisting of simultaneous Term Advances of the same Type made by each of the Term Lenders pursuant to Section 2.01(a).

"TERM COMMITMENT" means, with respect to any Term Lender at any time, the amount set forth opposite such Term Lender's name on Schedule I hereto, under the caption "Term Commitment" or, if such Term Lender has entered into one or more Assignment and Acceptances, the amount set forth for such Lender in the Register maintained by the Agent pursuant to Section 9.07(c) as such Lender's "Term Commitment".

"TERM FACILITY" means, at any time, the aggregate amount of the Term Lenders' Term Commitments at such time.

"TERM LENDER" means any Lender that has a Term Commitment.

"TERM NOTE" means a promissory note of the Borrower payable to the order of any Term Lender, in substantially the form of Exhibit A-2 hereto, evidencing the indebtedness of the Borrower to such Lender resulting from the Term Advances made by such Lender, as amended.

"TERMINATION DATE" means the earlier of (a) the date of termination in whole of the Commitments pursuant to Section 2.04 or 6.01 and (b) (i) for purpose of the Revolving Credit Facility, June 17, 2009 and (ii) for purpose of the Term Facility, December 17, 2010.

"TITLE 49" has the meaning specified in the SGR Security Agreement.

"TRANSACTION" means the transactions contemplated by the Financing Documents.

"TYPE" refers to the distinction between Advances bearing interest at the Base Rate and Advances bearing interest at the Eurodollar Rate.

"UNENCUMBERED STAGE 3 AIRCRAFT" means a "Stage 3 airplane" as defined in Title 14, Section 36.1(f)(6) of the Code of Federal Regulations consisting of Boeing 737-800, 757-200, 767-200ER, 767-300ER and 777-200 aircraft and McDonnell Douglas MD-80 aircraft, in each case owned by the Borrower and unencumbered by any Lien, other than Permitted Liens.

"UNFUNDED LIABILITIES" means, with respect to any Plan at any time, the amount (if any) by which (i) the present value of all benefits under such Plan exceeds (ii) the fair market value of all Plan assets allocable to such benefits (excluding any accrued but unpaid contributions), all determined as of the then most recent valuation date for such Plan, but only to the extent that such excess represents a potential liability of a member of the ERISA Group to the PBGC or any other Person under Title IV of ERISA.

"UNITED STATES CITIZEN" has the meaning specified in Section 4.01(q).

"VOTING INTERESTS" means shares of capital stock issued by a corporation, or equivalent Equity Interests in any other Person, the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or persons performing similar functions) of such Person, even if the right so to vote has been suspended by the happening of such a contingency.

SECTION 1.02. Computation of Time Periods; Other Definitional Provisions. In this Agreement and the other Financing Documents in the computation of periods of time from a specified date to a later specified date, the word "FROM" means "from and including" and the words "TO" and "UNTIL" each mean "to but excluding". References in the Financing Documents to any agreement or contract "AS AMENDED" shall mean and be a reference to such agreement or contract as amended, amended and restated, supplemented or otherwise modified from time to time in accordance with its terms.

SECTION 1.03. Accounting Terms. All accounting terms not specifically defined herein shall be construed in accordance with generally accepted accounting principles consistent with those applied in the preparation of the financial statements referred to in Sections 4.01(g)(i) and 4.02(e)(i), as applicable ("GAAP").

ARTICLE II
AMOUNTS AND TERMS OF THE ADVANCES

SECTION 2.01. The Advances. (a) The Term Advances. Each Term Lender severally agrees, on the terms and conditions hereinafter set forth, to make a single advance (a "TERM ADVANCE") to the Borrower on the Effective Date in an amount not to exceed such Term Lender's Term Commitment at such time. The Term Borrowing shall consist of Term Advances made simultaneously by the Term Lenders ratably according to their Term Commitments. Amounts borrowed under this Section 2.01(a) and repaid or prepaid may not be reborrowed.

(b) The Revolving Credit Advances. Each Revolving Credit Lender severally agrees, on the terms and conditions hereinafter set forth, to make advances (each a "REVOLVING CREDIT Advance") to the Borrower from time to time on any Business Day during the period from the Effective Date until the Termination Date in an amount for each such Advance not to exceed such Revolving Credit Lender's Revolving Credit Commitment at such time. Each Revolving Credit Borrowing shall be in an aggregate amount of $10,000,000 or an integral multiple of $1,000,000 in excess thereof and shall consist of Revolving Credit Advances of the same Type made on the same day by the Revolving Credit Lenders ratably according to their respective

Revolving Credit Commitments. Within the limits of each Revolving Credit Lender's Revolving Credit Commitment in effect from time to time, the Borrower may borrow under this Section 2.01(b), repay or prepay pursuant to Section 2.05 and reborrow under this Section 2.01(b).

SECTION 2.02. Making the Advances. (a) Each Borrowing shall be made on notice, given not later than 11:00 A.M. (New York City time) on the third Business Day prior to the date of the proposed Borrowing in the case of a Borrowing consisting of Eurodollar Rate Advances or 11:00 A.M. (New York City time) on the date of the proposed Borrowing consisting of Base Rate Advances, by the Borrower to the Agent, which shall give to each Appropriate Lender prompt notice thereof by telecopier or telex. Each such notice of a Borrowing (a "NOTICE OF Borrowing") shall be by telephone, confirmed immediately in writing, or telecopier or telex in substantially the form of Exhibit B hereto, specifying therein the requested (i) date of such Borrowing, (ii) Facility under which such Borrowing is to be made, (iii) Type of Advances comprising such Borrowing, (iv) aggregate amount of such Borrowing and (v) in the case of a Borrowing consisting of Eurodollar Rate Advances, initial Interest Period for each such Advance. Each Appropriate Lender shall, before 1:00 P.M. (New York City time) on the date of such Borrowing, make available for the account of its Applicable Lending Office to the Agent at the Agent's Account, in same day funds, such Lender's ratable portion of such Borrowing in accordance with the respective Commitments under the applicable Facility of such Lender and the other Appropriate Lenders. After the Agent's receipt of such funds and upon fulfillment of the applicable conditions set forth in Article III, the Agent will make such funds available to the Borrower by crediting the Borrower's Account.

(b) Anything in subsection (a) above to the contrary notwithstanding, (i) the Borrower may not select Eurodollar Rate Advances for the initial Borrowing hereunder and for the period from the date hereof to January 17, 2005 (or such earlier date as shall be specified in its sole discretion by the Agent in a written notice to the Borrower and the Lenders) or for any Borrowing if the aggregate amount of such Borrowing is less than $10,000,000 or if the obligation of the Appropriate Lenders to make Eurodollar Rate Advances shall then be suspended pursuant to Section 2.07 or 2.10 and (ii) the Term Advances may not be outstanding as part of more than six separate Borrowings and the Revolving Credit Advances may not be outstanding as part of more than six separate Borrowings.

(c) If the Borrower fails to borrow any Borrowing to be comprised of Eurodollar Rate Advances after the related Notice of Borrowing has been given to any Appropriate Lender in accordance with Section 2.02(a), the Borrower shall, within 15 days after demand by any Appropriate Lender, reimburse such Lender for any resulting loss or expense incurred by it (or by an existing or prospective participant in the related Advance), including (without limitation) any loss incurred in obtaining, liquidating or employing deposits from third parties, but excluding loss of margin for the period after such failure to borrow, provided that such Lender has delivered to the Borrower a certificate setting forth in reasonable detail calculations as to the amount of such loss or expense, which certificate shall be conclusive absent manifest error.

(d) Unless the Agent shall have received notice from an Appropriate Lender prior to the date of any Borrowing under a Facility under which such Lender has a Commitment that such Lender will not make available to the Agent such Lender's ratable portion of such

Borrowing, the Agent may assume that such Lender has made such portion available to the Agent on the date of such Borrowing in accordance with subsection (a) of this Section 2.02 and the Agent may, in reliance upon such assumption, make available to the Borrower on such date a corresponding amount. If and to the extent that such Lender shall not have so made such ratable portion available to the Agent, such Lender and the Borrower severally agree to repay to the Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date such amount is made available to the Borrower until the date such amount is repaid to the Agent, at (i) in the case of the Borrower, the higher of (A) the interest rate applicable at the time to Advances comprising such Borrowing and (B) the cost of funds incurred by the Agent in respect of such amount; provided, however, that (x) the Borrower shall have received from the Agent notice that the Agent has made such amount available to the Borrower pursuant to its right under this Section 2.02(d) to assume receipt of such Lender's ratable portion and (y) any payment by the Borrower of such amount shall be without prejudice to its rights against such Lender under this Agreement; and (ii) in the case of such Lender, the Federal Funds Rate. If such Lender shall repay to the Agent such corresponding amount, such amount so repaid shall constitute such Lender's Advance as part of such Borrowing for purposes of this Agreement.

(e) The failure of any Lender to make the Advance to be made by it as part of any Borrowing shall not relieve any other Lender of its obligation, if any, hereunder to make its Advance on the date of such Borrowing, but no Lender shall be responsible for the failure of any other Lender to make the Advance to be made by such other Lender on the date of any Borrowing.

SECTION 2.03. Fees. (a) Commitment Fee. The Borrower agrees to pay to the Agent for the account of each of the Revolving Credit Lenders, from the Effective Date, in the case of each Initial Revolving Credit Lender, and from the effective date specified in the Assignment and Acceptance pursuant to which it became a Revolving Credit Lender, in the case of each other Revolving Credit Lender, until the Termination Date of the Revolving Credit Facility, payable in arrears on the last day of each March, June, September and December commencing March 31, 2005 and on the Termination Date of the Revolving Credit Facility, a commitment fee on the average daily unused Revolving Credit Commitment of such Revolving Credit Lender at the rate of -1/2 of 1% per annum; provided, however, that no commitment fee shall accrue on any of the Revolving Credit Commitments of a Defaulting Lender so long as such Lender shall be a Defaulting Lender.

(b) Agent's Fees. The Borrower shall pay to the Agent for its own account such fees as may from time to time be agreed between the Borrower and the Agent.

SECTION 2.04. Termination or Reduction of the Commitments. (a) Optional. The Borrower shall have the right, upon at least three Business Days' notice to the Agent, to terminate in whole or reduce ratably in part the unused portions of the Revolving Credit Commitments of the Lenders, provided that each partial reduction shall be in the aggregate amount of $10,000,000 or an integral multiple of $1,000,000 in excess thereof.

(b) Mandatory. (i) Term Facility. On the date of the Term Borrowing, after giving effect to such Term Borrowing, the aggregate Term Commitments of the Term Lenders shall be automatically and permanently reduced to zero.

(ii) Revolving Credit Facility. On each date set forth below, the Revolving Credit Commitments shall be reduced by the amount set forth opposite such date (with each such reduction of Revolving Credit Commitments to be made ratably among the Revolving Credit Lenders' Revolving Credit Commitments):

Date	Amount of Reduction
March 17, 2005	$ 15,000,000
June 17, 2005	$ 15,000,000
September 17, 2005	$ 15,000,000
December 17, 2005	$ 15,000,000
March 17, 2006	$ 15,000,000
June 17, 2006	$ 15,000,000
September 17, 2006	$ 15,000,000
December 17, 2006	$ 15,000,000
March 17, 2007	$ 15,000,000
June 17, 2007	$ 15,000,000
September 17, 2007	$ 15,000,000
December 17, 2007	$ 15,000,000
March 17, 2008	$ 0.00
June 17, 2008	$ 0.00
September 17, 2008	$ 0.00
December 17, 2008	$ 0.00
March 17, 2009	$ 0.00
June 17, 2009	$420,000,000

SECTION 2.05. Repayment of Advances. (a) Term Advances. The Borrower shall repay to the Agent for the ratable account of the Term Lenders the aggregate outstanding principal amount of the Term Advances on the following dates in the amounts indicated (which amounts shall be reduced as a result of the application of prepayments in accordance with the order of priority set forth in Section 2.08):

Date	Amount
March 17, 2005	$ 625,000
June 17, 2005	$ 625,000
September 17, 2005	$ 625,000
December 17, 2005	$ 625,000
March 17, 2006	$ 625,000

June 17, 2006	$ 625,000
September 17, 2006	$ 625,000
December 17, 2006	$ 625,000
March 17, 2007	$ 625,000
June 17, 2007	$ 625,000
September 17, 2007	$ 625,000
December 17, 2007	$ 625,000
March 17, 2008	$ 625,000
June 17, 2008	$ 625,000
September 17, 2008	$ 625,000
December 17, 2008	$ 625,000
March 17, 2009	$ 625,000
June 17, 2009	$ 625,000
September 17, 2009	$ 625,000
December 17, 2009	$ 625,000
March 17, 2010	$ 0.00
June 17, 2010	$ 0.00
September 17, 2010	$ 0.00
December 17, 2010	$237,500,000

provided, however, that the final principal installment shall be repaid on the Termination Date in respect of the Term Facility and in any event shall be in an amount equal to the aggregate principal amount of the Term Advances outstanding on such date.

(b) Revolving Credit Advances. The Borrower shall repay to the Agent for the ratable account of the Revolving Credit Lenders on the Termination Date in respect of the Revolving Credit Facility the aggregate principal amount of the Revolving Credit Advances then outstanding.

SECTION 2.06. Interest. (a) Scheduled Interest. The Borrower shall pay interest on the unpaid principal amount of each Advance owing to each Lender from the date of such Advance until such principal amount shall be paid in full, at the following rates per annum:

(i) Base Rate Advances. During such periods as such Advance is a Base Rate Advance, a rate per annum equal at all times to the sum of (x) the Base Rate in effect from time to time plus (y) the Applicable Margin in effect from time to time, payable in arrears quarterly on the last day of each March, June, September and December during such periods and on the date such Base Rate Advance shall be Converted or paid in full.

(ii) Eurodollar Rate Advances. During such periods as such Advance is a Eurodollar Rate Advance, a rate per annum equal at all times during each Interest Period

for such Advance to the sum of (x) the Eurodollar Rate for such Interest Period for such Advance plus (y) the Applicable Margin in effect from time to time, payable in arrears on the last day of such Interest Period and, if such Interest Period has a duration of more than three months, on each day that occurs during such Interest Period every three months from the first day of such Interest Period and on the date such Eurodollar Rate Advance shall be Converted or paid in full.

(b) Default Interest. Upon the occurrence and during the continuance of an Event of Default under Section 6.01(a), the Borrower shall pay interest on (x) the unpaid principal amount of each Advance owing to each Lender, payable in arrears on the dates referred to in clause (a)(i) or (a)(ii) above and on demand, at a rate per annum equal at all times to 2% per annum above the rate per annum required to be paid on such Advance pursuant to clause (a)(i) or (a)(ii) above and (y) to the fullest extent permitted by law, the amount of any interest, fee or other amount payable under the Financing Documents that is not paid when due, from the date such amount shall be due until such amount shall be paid in full, payable in arrears on the date such amount shall be paid in full and on demand, at a rate per annum equal at all times to 2% per annum above the rate per annum required to be paid, in the case of interest, on the Type of Advance on which such interest has accrued pursuant to clause (a)(i) or (a)(ii) above and, in all other cases, on Base Rate Advances pursuant to clause (a)(i) above.

(c) Notice of Interest Period and Interest Rate. Promptly after receipt of a Notice of Borrowing pursuant to Section 2.02(a), a notice of Conversion pursuant to Section 2.07 or a notice of selection of an Interest Period pursuant to the terms of the definition of "Interest Period", the Agent shall give notice to the Borrower and each Appropriate Lender of the applicable Interest Period and the applicable interest rate determined by the Agent for purposes of clause (a)(i) or (a)(ii) above.

SECTION 2.07. Conversion of Advances. (a) Optional. The Borrower may on any Business Day, upon notice given to the Agent not later than 11:00 A.M. (New York City time) on the third Business Day prior to the date of the proposed Conversion and subject to the provisions of Section 2.09, Convert all or any portion of the Advances of one Type comprising the same Borrowing into Advances of the other Type; provided, however, that any Conversion of Eurodollar Rate Advances into Base Rate Advances shall be made only on the last day of an Interest Period for such Eurodollar Rate Advances, any Conversion of Base Rate Advances into Eurodollar Rate Advances shall be in an amount not less than the minimum amount specified in Section 2.02(b), no Conversion of any Advances shall result in more separate Borrowings than permitted under Section 2.02(b) and each Conversion of Advances comprising part of the same Borrowing under any Facility shall be made ratably among the Appropriate Lenders in accordance with their Commitments under such Facility. Each such notice of a Conversion shall, within the restrictions specified above, specify (i) the date of such Conversion, (ii) the Advances to be Converted and (iii) if such Conversion is into Eurodollar Rate Advances, the duration of the initial Interest Period for each such Advance. Each notice of Conversion shall be irrevocable and binding on the Borrower.

(b) Mandatory. (i) On the date on which the aggregate unpaid principal amount of Eurodollar Rate Advances comprising any Borrowing shall be reduced, by payment or

prepayment or otherwise, to less than $10,000,000, such Advances shall automatically Convert into Base Rate Advances.

(ii) If the Borrower shall fail to select the duration of any Interest Period for any Eurodollar Rate Advances in accordance with the provisions contained in the definition of "Interest Period" in Section 1.01, the Agent will forthwith so notify the Borrower and the Appropriate Lenders, whereupon each such Eurodollar Rate Advance will automatically, on the last day of the then existing Interest Period therefor, Convert into a Base Rate Advance.

(iii) Upon the occurrence and during the continuance of any Event of Default, (x) each Eurodollar Rate Advance will automatically, on the last day of the then existing Interest Period therefor, Convert into a Base Rate Advance and (y) the obligation of the Lenders to make, or to Convert Advances into, Eurodollar Rate Advances shall be suspended.

SECTION 2.08. Prepayments of Advances. (a) Optional. The Borrower may, upon notice at least three Business Days' prior to the date of such prepayment, in the case of Eurodollar Rate Advances, and upon notice at least one Business Day prior to the date of such prepayment, in the case of Base Rate Advances, to the Agent stating the proposed date and aggregate principal amount of the prepayment, and if such notice is given the Borrower shall, prepay the outstanding principal amount of the Advances comprising part of the same Borrowing in whole or ratably in part, together with (i) accrued interest to the date of such prepayment on the principal amount prepaid, and (ii) in the case of any such prepayment prior to December 17, 2005 of any Term Advances, a premium of 1.00% of the aggregate principal amount so prepaid; provided, however, that (x) each partial prepayment shall be in an aggregate principal amount of $10,000,000 or an integral multiple of $1,000,000 in excess thereof and (y) in the event of any such prepayment of a Eurodollar Rate Advance, the Borrower shall be obligated to reimburse the Lenders in respect thereof pursuant to Section 9.04(c). Each such prepayment of any Term Advances shall be applied to the installments thereof in inverse order of maturity.

(b) Mandatory. The Borrower shall, on each Business Day, prepay an aggregate principal amount of the Revolving Credit Advances comprising part of the same Borrowings in an amount equal to the amount by which (A) the aggregate principal amount of the Revolving Credit Advances then outstanding exceeds (B) the Revolving Credit Facility on such Business Day.

SECTION 2.09. Increased Costs, Etc. (a) If on or after the date hereof, the adoption of any applicable law, rule or regulation, or any change in any applicable law, rule or regulation, 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 any Lender (or its Applicable Lending Office) with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency:

(i) shall subject any Lender (or its Applicable Lending Office) to any tax, duty or other charge with respect to its Eurodollar Rate Advances, its related Note or its Commitment or its obligation to make Eurodollar Rate Advances, or shall change the basis of taxation of payments to any Lender (or its Applicable Lending Office) of the

principal of or interest on its Eurodollar Rate Advances or any other amounts due under this Agreement in respect of its Eurodollar Rate Advances or its obligation to make Eurodollar Rate Advances (except for changes in franchise taxes or taxes on the overall net income of such Lender or its Applicable Lending Office unless such taxes arise in whole or in part by reason of the activities, presence or other connection of the Borrower in or with the jurisdiction imposing such taxes); or

(ii) shall impose, modify or deem applicable any reserve (including, without limitation, any such requirement imposed by the Board of Governors of the Federal Reserve System, but excluding with respect to any Eurodollar Rate Advance any such requirement included in an applicable Eurodollar Reserve Percentage), special deposit, insurance assessment or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender (or its Applicable Lending Office) or shall impose on any Lender (or its Applicable Lending Office) or on the London interbank market any other condition affecting its Eurodollar Rate Advances, its related Note or its obligation to make Eurodollar Rate Advances;

and the result of any of the foregoing is to increase the cost to such Lender (or its Applicable Lending Office) of making or maintaining any Eurodollar Rate Advance, or to reduce the amount of any sum received or receivable by such Lender (or its Applicable Lending Office) under this Agreement or under its Note with respect thereto, by an amount deemed by such Lender to be material, then, within 15 days after demand by such Lender (with a copy to the Agent), the Borrower shall pay to such Lender such additional amount or amounts as will compensate such Lender for such increased cost or reduction.

(b) If any Lender shall have determined that, after the date hereof, the adoption of any applicable law, rule or regulation regarding capital adequacy, or any change in any applicable law, rule or regulation regarding capital adequacy, 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 any request or directive regarding capital adequacy (whether or not having the force of law) of any such authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on capital of such Lender (or any Person controlling such Lender) as a direct consequence of such Lender's obligations hereunder to a level below that which such Lender (or any Person controlling such Lender) could have achieved but for such adoption, change, request or directive (taking into consideration its policies with respect to capital adequacy) by an amount deemed by such Lender to be material, then, from time to time, within 15 days after demand by such Lender (with a copy to the Agent), the Borrower shall pay to such Lender such additional amount or amounts as will compensate such Lender (or any Person controlling such Lender) for such reduction (without duplication of any amounts payable pursuant to subsection (a) above).

(c) Each Lender will notify the Borrower and the Agent of any event occurring after the date of this Agreement which will entitle such Lender to compensation pursuant to this Section 2.09 as promptly as practicable after it obtains knowledge thereof, specifying the event giving rise to such claim and setting out in reasonable detail an estimate (without prejudice) of the basis and computation of such claim. Upon receipt of such notice and of such further notice as may be required by this subsection (c), the Borrower shall compensate

such Lender in accordance with this Section 2.09 from as of the date such costs are incurred (including, without limitation, where such costs are retroactively applied); provided that the Borrower shall not be required to compensate a Lender for costs incurred earlier than 120 days prior to the date of the notice required to be delivered to the Borrower pursuant to this subsection (c). As soon as practicable after the delivery of the initial notice pursuant to this subsection (c), such Lender will furnish the Borrower with a certificate setting forth in reasonable detail the basis and amount of each request by such Lender for compensation under this Section 2.09, accompanied by such evidence of such Lender's entitlement to make a claim under this Section 2.09 as the Borrower may reasonably request.

(d) If, with respect to any Eurodollar Rate Advances, the Required Lenders notify the Agent that the Eurodollar Rate for any Interest Period for such Advances will not adequately reflect the cost to such Lenders of making, funding or maintaining their Eurodollar Rate Advances for such Interest Period, the Agent shall forthwith so notify the Borrower and the Appropriate Lenders, whereupon (i) each such Eurodollar Rate Advance under such Facility will automatically, on the last day of the then existing Interest Period therefor, Convert into a Base Rate Advance and (ii) the obligation of the Appropriate Lenders to make, or to Convert Advances into, Eurodollar Rate Advances shall be suspended until the Agent shall notify the Borrower that such Lenders have determined that the circumstances causing such suspension no longer exist.

(e) The Borrower shall not be liable to any Lender in respect of any withholding taxes (including, without limitation, Taxes) under this Section.

SECTION 2.10. Illegality. Notwithstanding any other provision of this Agreement, if the adoption of or any change in or in the interpretation of any law or regulation shall make it unlawful, or compliance by any Lender with any request or directive of any central bank or other governmental authority shall make it unlawful, for any Lender or its Eurodollar Lending Office to perform its obligations hereunder to make Eurodollar Rate Advances or to continue to fund or maintain Eurodollar Rate Advances hereunder, then, on notice thereof and demand therefor by such Lender to the Borrower through the Agent, (a) each Eurodollar Rate Advance will automatically, upon such demand, Convert into a Base Rate Advance or an advance that bears interest at the Base Rate plus the Applicable Margin in effect from time to time, as the case may be, and (b) the obligation of the Lenders to make, or to Convert Advances into, Eurodollar Rate Advances shall be suspended until the Agent shall notify the Borrower that such Lender has determined that the circumstances causing such suspension no longer exist. Before giving any notice through the Agent pursuant to this Section, such Lender shall designate a different Eurodollar Lending Office if such designation will avoid the need for giving such notice and will not, in the judgment of such Lender, be otherwise disadvantageous to such Lender.

SECTION 2.11. Payments and Computations. (a) The Borrower shall make each payment hereunder not later than 11:00 A.M. (New York City time) on the day when due in Dollars to the Agent at the applicable Agent's Account in same day funds without counterclaim or set-off. The Agent will promptly thereafter cause to be distributed like funds relating to the payment of principal or interest or facility fees ratably (other than amounts payable pursuant to Section 2.09, 2.12 or 9.04(c)) to the Lenders for the account of their respective Applicable

Lending Offices, and like funds relating to the payment of any other amount payable to any Lender to such Lender for the account of its Applicable Lending Office, in each case to be applied in accordance with the terms of this Agreement. Upon its acceptance of an Assignment and Acceptance and recording of the information contained therein in the Register pursuant to Section 9.07(c), from and after the effective date specified in such Assignment and Acceptance, the Agent shall make all payments hereunder in respect of the interest assigned thereby to the Lender assignee thereunder, and the parties to such Assignment and Acceptance shall make all appropriate adjustments in such payments for periods prior to such effective date directly between themselves.

(b) All computations of interest based on the Base Rate shall be made by the Agent on the basis of a year of 365 or 366 days, as the case may be, all computations of interest based on the Eurodollar Rate or the Federal Funds Rate and of fees shall be made by the Agent 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 or facility fees are payable. Each determination by the Agent of an interest rate hereunder shall be conclusive and binding for all purposes, absent manifest error.

(c) Whenever any payment 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 such extension of time shall in such case be included in the computation of payment of interest or fee, as the case may be; provided, however, that, if such extension would cause payment of interest on or principal of Eurodollar Rate Advances to be made in the next following calendar month, such payment shall be made on the next preceding Business Day.

(d) Unless the Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Lenders hereunder that the Borrower will not make such payment in full, the Agent may assume that the Borrower has made such payment in full to the Agent on such date and the Agent may, in reliance upon such assumption, cause to be distributed to each Lender on such due date an amount equal to the amount then due such Lender. If and to the extent the Borrower shall not have so made such payment in full to the Agent, each Lender shall repay to the Agent forthwith on demand such amount distributed to such Lender together with interest thereon, for each day from the date such amount is distributed to such Lender until the date such Lender repays such amount to the Agent, at the Federal Funds Rate.

(e) Whenever any payment received by the Agent under this Agreement or any of the other Financing Documents is insufficient to pay in full all amounts due and payable to the Agent and the Lenders under or in respect of this Agreement and the other Financing Documents on any date, such payment shall be distributed by the Agent and applied by the Agent and the Lenders in the following order of priority:

(i) first, to the payment of all of the fees, indemnification payments, costs and expenses that are due and payable to the Agent (solely in its capacity as Agent) under or in respect of this Agreement and the other Financing Documents on such date, ratably based upon the respective aggregate amounts of all such fees, indemnification payments, costs and expenses owing to the Agent on such date;

(ii) second, to the payment of all of the indemnification payments, costs and expenses that are due and payable to the Lenders under Section 9.04 hereof, and any similar section of any of the other Financing Documents on such date, ratably based upon the respective aggregate amounts of all such indemnification payments, costs and expenses owing to the Lenders on such date;

(iii) third, to the payment of all of the amounts that are due and payable to the Agent and the Lenders under Sections 2.09 and 2.12 hereof on such date, ratably based upon the respective aggregate amounts thereof owing to the Agent and the Lenders on such date;

(iv) fourth, to the payment of all of the fees that are due and payable to the Revolving Credit Lenders under Section 2.03(a) on such date, ratably based upon the respective aggregate Revolving Credit Commitments of the Revolving Credit Lenders under the Revolving Credit Facility on such date;

(v) fifth, to the payment of all of the accrued and unpaid interest on the Obligations of the Borrower under or in respect of the Financing Documents that is due and payable to the Agent and the Lenders under Section 2.06(b) on such date, ratably based upon the respective aggregate amounts of all such interest owing to the Agent and the Lenders on such date;

(vi) sixth, to the payment of all of the accrued and unpaid interest on the Advances that is due and payable to the Agent and the Lenders under Section 2.06(a) on such date, ratably based upon the respective aggregate amounts of all such interest owing to the Agent and the Lender on such date;

(vii) seventh, to the payment of the principal amount of all of the outstanding Advances that is due and payable to the Agent and the Lenders on such date, ratably based upon the respective aggregate amounts of all such principal owing to the Agent and the Lenders on such date; and

(viii) eighth, to the payment of all other Obligations of the Loan Parties owing under or in respect of the Financing Documents that are due and payable to the Agent and the other Secured Parties on such date, ratably based upon the respective aggregate amounts of all such Obligations owing to the Agent and the other Secured Parties on such date.

(f) The Borrower hereby authorizes each Lender and each of its Affiliates, if and to the extent payment owed to such Lender is not made when due hereunder or, in the case of a Lender, under the Note held by such Lender, to charge from time to time, to the fullest extent permitted by law, against any or all of the Borrower's accounts with such Lender or such Affiliate any amount so due.

SECTION 2.12. Taxes

(a) Any and all payments by any Loan Party to or for the account of any Lender or the Agent hereunder or under the Notes or any other Financing Document shall be

made, in accordance with Section 2.11 or the applicable provisions of such other Financing Document, if any, free and clear of and without deduction for any and all Taxes, except to the extent required by law. If any Loan Party shall be required by law to deduct any Indemnified Taxes from or in respect of any sum payable hereunder or under any Note or any other Financing Document to any Lender or the Agent, (i) the sum payable by such Loan Party shall be increased as may be necessary so that after such Loan Party and the Agent have made all required deductions (including deductions applicable to additional sums payable under this Section 2.12) such Lender or such Agent, as the case may be, receives an amount equal to the sum it would have received had no such deductions been made, (ii) such Loan Party shall make all such deductions and (iii) such Loan Party shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law.

(b) In addition, a Loan Party shall pay any present or future stamp, documentary, excise, mortgage recording or similar taxes, charges or levies that arise from any payment made by such Loan Party hereunder or under any Notes or any other Financing Documents or from the execution, delivery or registration of, performance under, or otherwise with respect to, this Agreement, the Notes or the other Financing Documents (hereinafter referred to as "OTHER TAXES").

(c) The Loan Parties shall indemnify each Lender and the Agent for and hold them harmless against the full amount of Indemnified Taxes (including additional sums payable under this Section 2.12) imposed as a result of the failure of a Loan Party or the Agent to deduct such Indemnified Taxes from any payments hereunder or under the Notes or the Other Financing Documents and pay such amounts to the appropriate taxing authorities, and Other Taxes, in each case imposed on or paid by such Lender or the Agent (as the case may be) and any liability (including penalties, additions to tax, interest and expenses) arising therefrom or with respect thereto. This indemnification shall be made within 30 days from the date such Lender or the Agent (as the case may be) makes written demand therefor.

(d) Within 30 days after the date of any payment of any Indemnified Taxes, the appropriate Loan Party shall furnish to the Agent, at its address referred to in Section 9.02, the original or a certified copy of a receipt evidencing such payment, to the extent such a receipt is issued therefor, or other written proof of payment thereof that is reasonably satisfactory to the Agent. In the case of any payment hereunder or under the Notes or the other Financing Documents by or on behalf of a Loan Party (other than by the Agent) through an account or branch outside the United States or by or on behalf of a Loan Party by a payor (other than by the Agent) that is not a United States person, if such Loan Party determines that no additional Taxes are payable in respect thereof, such Loan Party shall furnish, or shall cause such payor to furnish, to the Agent, at such address, an opinion of counsel acceptable to the Agent to such effect. For purposes of subsections (d) and (e) of this Section 2.12, the terms "UNITED STATES" and "UNITED STATES PERSON" shall have the meanings specified in Section 7701 of the Internal Revenue Code.

(e) Each Lender organized under the laws of a jurisdiction outside the United States shall, on or prior to the date of its execution and delivery of this Agreement in the case of each Initial Lender and on the date of the Assignment and Acceptance pursuant to which it becomes a Lender in the case of each other Lender and from time to time thereafter as reasonably requested in writing by the Borrower (but only so long thereafter as such Lender

remains lawfully able to do so), provide each of the Agent and the Borrower with two original Internal Revenue Service Forms W-8BEN (claiming the benefits of an income tax treaty) or W-8ECI or, in the case of a Lender that is claiming exemption from Taxes under Section 881(c) of the Code with respect to payments of "portfolio interest", a Form W-8BEN (certifying that such Lender is a non-US beneficial owner of such payments) and a certificate representing that such Lender is not (i) a "bank" as defined in Section 881(c)(3)(A) of the Internal Revenue Code), (ii) a 10-percent shareholder (within the meaning of Section 871(h)(3)(B) of the Internal Revenue Code) of the Borrower or (iii) a controlled foreign corporation related to the Borrower (within the meaning of Section 864(d)(4) of the Internal Revenue Code), or any successor or other form prescribed by the Internal Revenue Service, certifying that such Lender is exempt from or entitled to a reduced rate of United States withholding tax on payments pursuant to this Agreement or the Notes or any other Financing provided that if any form or certificate provided by a Lender becomes invalid because of a change in the circumstances relating to such Lender, such Lender will provide a new form certifying that such Lender is exempt from or entitled to a reduced rate of United States withholding tax on payments pursuant to this Agreement or the Notes or any other Financing Document. Each Lender and the Agent shall also deliver to each of the Borrower and the Agent, at the Borrower's request and expense, to the extent such Lender or Agent is legally able to do so, such other forms, statements or certificates as may be required in order to establish the legal entitlement of such Lender or Agent to an exemption from, or a reduction in the amount of, any Indemnified Taxes. If any form or document referred to in this subsection (e) requires the disclosure of information, other than information necessary to compute the tax payable and information required on the date hereof by Internal Revenue Service Form W-8BEN or W-ECI or the related certificate described above, that the applicable Lender reasonably considers to be confidential, such lender shall give notice thereof to the Borrower and shall not be obligated to include in such form or document such confidential information. If a Lender becomes subject to Taxes because of its failure to deliver a form, certificate or other document required hereunder, the Loan Parties shall take such steps as such Lender shall reasonably request at such Lender's expense to assist such lender to recover such Taxes; provided that the Loan Party shall not have determined, in its sole discretion, that such steps may be disadvantageous to any Loan Party.

(f) If the Agent or any Lender determines, in its sole reasonable discretion, that it has received a refund of any Taxes as to which it has been indemnified by any Loan Party or with respect to which any Loan Party has paid additional amounts pursuant to this Section 2.12, it shall pay over such refund to such Loan Party (but only to the extent of indemnity payments made, or additional amounts paid, by such Loan Party under this Section 2.12 with respect to Taxes giving rise to such refund), net of all reasonable out-of-pocket expenses of the Agent or such Lender and without interest (other than any interest paid by the relevant taxing jurisdiction with respect to such refund, which shall not be subject to the limitations set forth in the immediately preceding parenthetical); provided that such Loan Party, upon the request of the Agent or such Lender, agrees to repay the amount paid over to such Loan Party (plus any interest imposed by the relevant taxing jurisdiction) to the Agent or such Lender in the event the Agent or such Lender is required to repay such refund to such taxing jurisdiction.

(g) Upon the request and at the expense of any Loan Party, the Agent and any Lender subject to Taxes in respect of which such Loan Party is obligated to make payments under this Section 2.12 shall reasonably cooperate with such Loan Party in contesting such Tax,

provided that each of the agent and any such Lender shall not have determined, in its sole discretion, that such content may be disadvantageous to it.

(h) The Agent agrees to withhold Taxes from any amounts paid by it hereunder or under the Notes or any other Financing Document and to file such information returns with respect to such payments and withholdings, in each case as required by law.

SECTION 2.13. Sharing of Payments, Etc. If any Lender shall obtain any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) on account of the Advances owing to it (other than pursuant to Section 2.09, 2.12 or 9.04(c)) (a) on account of Obligations due and payable to such Lender hereunder and under the Notes at such time in excess of its ratable share (according to the proportion of (i) the amount of such Obligations due and payable to such Lender at such time to (ii) the aggregate amount of the Obligations due and payable to all Lenders hereunder and under the Notes at such time) of payments on account of the Obligations due and payable to all Lenders hereunder and under the Notes at such time obtained by all the Lenders at such time or (b) on account of Obligations owing (but not due and payable) to all Lenders hereunder and under the Notes at such time in excess of its ratable share (according to the proportion of (i) the amount of such Obligations owing to such Lender at such time to (ii) the aggregate amount of the Obligations owing (but not due and payable) to all Lenders hereunder and under the Notes at such time) of payments on account of the Obligations owing (but not due and payable) to all Lenders hereunder and under the Notes at such time obtained by all of the Lenders at such time, on account such Lender shall forthwith purchase from the other Lenders such participations in the Advances owing to them as shall be necessary to cause such purchasing Lender to share the excess payment ratably with each of them; provided, however, that if all or any portion of such excess payment is thereafter recovered from such purchasing Lender, such purchase from each Lender shall be rescinded and such Lender shall repay to the purchasing Lender the purchase price to the extent of such Lender's ratable share (according to the proportion of (i) the amount of such Lender's required payment to (ii) the total amount so recovered from the purchasing Lender) of any interest or other amount paid or payable by the purchasing Lender in respect of the total amount so recovered. The Borrower agrees that any Lender so purchasing a participation from another Lender pursuant to this Section 2.13 may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off) with respect to such participation as fully as if such Lender were the direct creditor of the Borrower in the amount of such participation.

SECTION 2.14. Evidence of Debt. (a) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Advance owing to such Lender from time to time, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder in respect of Advances. The Borrower agrees that upon notice by any Lender to the Borrower (with a copy of such notice to the Agent) to the effect that a Note is required or appropriate in order for such Lender to evidence (whether for purposes of pledge, enforcement or otherwise) the Advances owing to, or to be made by, such Lender, the Borrower shall promptly execute and deliver to such Lender a Note payable to the order of such Lender in a principal amount up to the Commitment of such Lender. All reference to Notes in the Financing Documents shall mean Notes, if any, to the extent issued hereunder.

(b) The Register maintained by the Agent pursuant to Section 9.07(c) shall include a control account, and a subsidiary account for each Lender, in which accounts (taken together) shall be recorded (i) the date and amount of each Borrowing made hereunder, the Type of Advances comprising such Borrowing and, if appropriate, the Interest Period applicable thereto, (ii) the terms of each Assignment and Acceptance delivered to and accepted by it, (iii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iv) the amount of any sum received by the Agent from the Borrower hereunder and each Lender's share thereof.

(c) Entries made in good faith by the Agent in the Register pursuant to subsection (b) above, and by each Lender in its account or accounts pursuant to subsection (a) above, shall be prima facie evidence of the amount of principal and interest due and payable or to become due and payable from the Borrower to, in the case of the Register, each Lender and, in the case of such account or accounts, such Lender, under this Agreement, absent manifest error; provided, however, that the failure of the Agent or such Lender to make an entry, or any finding that an entry is incorrect, in the Register or such account or accounts shall not limit or otherwise affect the obligations of the Borrower under this Agreement.

SECTION 2.15. Use of Proceeds. The proceeds of the Advances shall be available (and the Borrower agrees that it shall use such proceeds) solely (i) to repay in full any amounts outstanding under the Existing Credit Agreement, (ii) pay transaction fees and expenses and (iii) for general corporate purposes of the Borrower and its Subsidiaries.

SECTION 2.16. Mitigation, Substitution of Lender. If, with respect to any Lender, a condition arises or an event occurs which would, or would upon the giving of notice, result in the payment of any additional costs pursuant to Section 2.09 or any additional amounts pursuant to Section 2.12, such Lender, promptly upon becoming aware of the same, shall notify the Borrower (with a copy to the Agent) thereof 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 Applicable 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 such Lender, provided that such Lender 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 therefore or (ii) be otherwise disadvantageous to such Lender in a significant respect in the reasonable judgment of such Lender. If (i) the obligation of any Lender to make Eurodollar Rate Advances has been suspended pursuant to Section 2.09, (ii) any Lender has demanded compensation under Section 2.09 or 2.12, or (iii) any Lender becomes a Defaulting Lender, the Borrower shall have the right, so long as no Default shall have occurred and be continuing, to seek a substitute one or more Eligible Assignees (which may be one or more of the Lenders) to purchase the Note and assume the Commitment of such Lender, in accordance with Section 9.07(a).

SECTION 2.17. Defaulting Lenders. (a) In the event that, at any one time, (i) any Lender shall be a Defaulting Lender, (ii) such Defaulting Lender shall owe a Defaulted Advance to the Borrower and (iii) the Borrower shall be required to make any payment hereunder or under any other Financing Document to or for the account of such Defaulting Lender, then the Borrower may, so long as no Default shall occur or be continuing at such time

and to the fullest extent permitted by applicable law, set off and otherwise apply the Obligation of the Borrower to make such payment to or for the account of such Defaulting Lender against the obligation of such Defaulting Lender to make such Defaulted Advance. In the event that, on any date, the Borrower shall so set off and otherwise apply its obligation to make any such payment against the obligation of such Defaulting Lender to make any such Defaulted Advance on or prior to such date, the amount so set off and otherwise applied by the Borrower shall constitute for all purposes of this Agreement and the other Financing Documents an Advance by such Defaulting Lender made on the date of such setoff under the Facility pursuant to which such Defaulted Advance was originally required to have been made pursuant to Section 2.01. Such Advance shall be considered, for all purposes of this Agreement, to comprise part of the Borrowing in connection with which such Defaulted Advance was originally required to have been made pursuant to Section 2.01, even if the other Advances comprising such Borrowing shall be Eurodollar Rate Advances on the date such Advance is deemed to be made pursuant to this subsection (a). The Borrower shall notify the Agent at any time the Borrower exercises its right of set-off pursuant to this subsection (a) and shall set forth in such notice (A) the name of the Defaulting Lender and the Defaulted Advance required to be made by such Defaulting Lender and (B) the amount set off and otherwise applied in respect of such Defaulted Advance pursuant to this subsection (a). Any portion of such payment otherwise required to be made by the Borrower to or for the account of such Defaulting Lender which is paid by the Borrower, after giving effect to the amount set off and otherwise applied by the Borrower pursuant to this subsection (a), shall be applied by the Agent as specified in subsection (b) or (c) of this Section 2.17.

(b) In the event that, at any one time, (i) any Lender shall be a Defaulting Lender, (ii) such Defaulting Lender shall owe a Defaulted Amount to the Agent or any of the other Lenders and (iii) the Borrower shall make any payment hereunder or under any other Financing Document to the Agent for the account of such Defaulting Lender, then the Agent may, on its behalf or on behalf of such other Lenders and to the fullest extent permitted by applicable law, apply at such time the amount so paid by the Borrower to or for the account of such Defaulting Lender to the payment of each such Defaulted Amount to the extent required to pay such Defaulted Amount. In the event that the Agent shall so apply any such amount to the payment of any such Defaulted Amount on any date, the amount so applied by the Agent shall constitute for all purposes of this Agreement and the other Financing Documents payment, to such extent, of such Defaulted Amount on such date. Any such amount so applied by the Agent shall be retained by the Agent or distributed by the Agent to such other Lenders, ratably in accordance with the respective portions of such Defaulted Amounts payable at such time to the Agent and such other Lenders and, if the amount of such payment made by the Borrower shall at such time be insufficient to pay all Defaulted Amounts owing at such time to the Agent and such other Lenders in the following order of priority:

(i) first, to the Agent for any Defaulted Amounts then owing to it, in its capacity as such; and

(ii) second, to any other Lenders for any Defaulted Amounts then owing to such other Lenders, ratably in accordance with such respective Defaulted Amounts then owing to such other Lenders.

Any portion of such amount paid by the Borrower for the account of such Defaulting Lender remaining, after giving effect to the amount applied by the Agent pursuant to this subsection (b), shall be applied by the Agent as specified in subsection (c) of this Section 2.17.

(c) In the event that, at any one time, (i) any Lender shall be a Defaulting Lender, (ii) such Defaulting Lender shall not owe a Defaulted Advance or a Defaulted Amount and (iii) the Borrower, the Agent or any other Lender shall be required to pay or distribute any amount hereunder or under any other Financing Document to or for the account of such Defaulting Lender, then the Borrower or such other Lender shall pay such amount to the Agent to be held by the Agent, to the fullest extent permitted by applicable law, in escrow or the Agent shall, to the fullest extent permitted by applicable law, hold in escrow such amount otherwise held by it. Any funds held by the Agent in escrow under this subsection (c) shall be deposited by the Agent in an account with a bank (the "ESCROW BANK") selected by the Agent, in the name and under the control of the Agent, but subject to the provisions of this subsection (c). The terms applicable to such account, including the rate of interest payable with respect to the credit balance of such account from time to time, shall be the Escrow Bank's standard terms applicable to escrow accounts maintained with it. Any interest credited to such account from time to time shall be held by the Agent in escrow under, and applied by the Agent from time to time in accordance with the provisions of, this subsection (c). The Agent shall, to the fullest extent permitted by applicable law, apply all funds so held in escrow from time to time to the extent necessary to make any Advances required to be made by such Defaulting Lender and to pay any amount payable by such Defaulting Lender hereunder and under the other Financing Documents to the Agent or any other Lender, as and when such Advances or amounts are required to be made or paid and, if the amount so held in escrow shall at any time be insufficient to make and pay all such Advances and amounts required to be made or paid at such time, in the following order of priority:

(i) first, to the Agent for any amounts then due and payable by such Defaulting Lender to it, in its capacity as such;

(ii) second, to any other Lenders for any amount then due and payable by such Defaulting Lender to such other Lenders hereunder, ratably in accordance with such respective amounts then due and payable to such other Lenders; and

(iii) third, to the Borrower for any Advance then required to be made by such Defaulting Lender pursuant to a Commitment of such Defaulting Lender.

In the event that any Lender that is a Defaulting Lender shall, at any time, cease to be a Defaulting Lender, any funds held by the Agent in escrow at such time with respect to such Lender shall be distributed by the Agent to such Lender and applied by such Lender to the Obligations owing to such Lender at such time under this Agreement and the other Financing Documents ratably in accordance with the respective amounts of such Obligations outstanding at such time.

(d) The rights and remedies against a Defaulting Lender under this Section 2.17 are in addition to other rights and remedies that the Borrower may have against

such Defaulting Lender with respect to the Defaulted Advance and that the Agent or any Lender may have against such Defaulting Lender with respect to any Defaulted Amount.

ARTICLE III

CONDITIONS OF EFFECTIVENESS

SECTION 3.01. Conditions Precedent to Effectiveness. This Agreement shall become effective on and as of the first date (the "EFFECTIVE DATE") on which the following conditions precedent shall have been satisfied or waived:

(a) The Agent shall have received on or before the day of the Initial Extension of Credit the following, each dated such day (unless otherwise specified), in form and substance satisfactory to the Agent (unless otherwise specified) and (except for the Notes) in sufficient copies for each Initial Lender:

(i) The Notes payable to each Initial Lender or registered assigns requesting a Note prior to the date hereof.

(ii) An aircraft security agreement in substantially the form of Exhibit D hereto (together with each other security agreement and security agreement supplement delivered pursuant to Section 5.01(n), in each case as amended, the "AIRCRAFT SECURITY AGREEMENT"), duly executed by the Borrower, together with:

(A) evidence of the completion of all recordings and filings of or with respect to the Aircraft Security Agreement that the Agent may deem reasonably necessary or desirable in order to perfect (to the extent provided in the Aircraft Security Agreement) and protect the Liens created thereby, including, without limitation, recordings and filings with the FAA and the Delaware Secretary of State, and all filing and recording fees and taxes in respect thereof shall have been duly paid,

(B) completed requests for information, dated on or before the date of the Initial Extension of Credit, listing all effective financing statements filed in the jurisdictions referred to in clause (A) above and in such other jurisdictions as determined by the Agent, that name any Loan Party as debtor, together with copies of such financing statements, and

(C) evidence that all other action that the Agent may deem reasonably necessary or desirable in order to perfect (to the extent provided in the Aircraft Security Agreement) and protect the liens and security interests created under the Aircraft Security Agreement has been taken (including, without limitation, receipt of duly executed payoff letters and UCC-3 termination statements).

(iii) A slot, gate and route security agreement in substantially the form of Exhibit E hereto (as amended, the "SGR SECURITY AGREEMENT"), duly executed by the Borrower, together with:

(A) in respect of each of the Slots, undated slot transfer documents, executed in blank, to be held in escrow by the Agent,

(B) in respect of each of the Narita Routes, UCC-1 financing statements in appropriate form for filing with the Delaware Secretary of State, and

(C) evidence that all other action that the Agent may deem reasonably necessary or desirable in order to perfect (to the extent provided in the SGR Security Agreement) and protect the liens and security interests created under the SGR Security Agreement has been taken.

(iv) A pledge agreement in substantially the form of Exhibit F hereto, duly executed by the Parent Guarantor (the "PLEDGE AGREEMENT"), together with:

(A) certificates representing the Pledged Equity (as defined therein) accompanied by undated stock powers executed in blank, and

(B) evidence that all other action that the Agent may deem necessary or desirable in order to perfect (to the extent provided in the Pledge Agreement) and protect the liens and security interests created under the Pledge Agreement has been taken.

(v) Certified copies of the resolutions of the Board of Directors of each Loan Party approving the Transaction, and of all documents evidencing other necessary corporate action and governmental and other third party approvals and consents, if any, with respect to the Transaction.

(vi) A copy of a certificate of the Secretary of State of the jurisdiction of incorporation of each Loan Party, dated reasonably near the date of the Initial Extension of Credit, certifying (A) as to a true and correct copy of the charter of such Loan Party and each amendment thereto on file in such Secretary's office, (B) that (1) such amendments are the only amendments to such Loan Party's charter on file in such Secretary's office and (2) such Loan Party has paid all franchise taxes to the date of such certificate, and (C) such Loan Party is duly incorporated and in good standing or presently subsisting under the laws of the State of jurisdiction of its incorporation.

(vii) A copy of a certificate of the Secretary of State of each of the State of Florida, the State of Illinois and the State of Texas, dated reasonably near the date of the Initial Extension of Credit, stating that each Loan Party is duly qualified and in good standing as a foreign corporation in such State and has filed all annual reports required to be filed to the date of such certificate.

(viii) A certificate of each Loan Party signed on behalf of such Loan Party by its President or a Vice President and its Secretary or any Assistant Secretary, dated the date of the Initial Extension of Credit (the statements made in which certificate shall be true on and as of the date of the Initial Extension of Credit, except to the extent that any such representation or warranty relates to a specified date, in which case such representation or warranty shall be or was true and correct as of such date), certifying as to (A) the absence of any amendments to the charter of such Loan Party since the date of the Secretary of State's certificate referred to in Section 3.01(a)(vi), (B) a true and correct copy of the bylaws of such Loan Party as in effect on the date on which the resolutions referred to in Section 3.01(a)(v) were adopted and on the date of the Initial Extension of Credit, (C) the due incorporation and good standing or valid existence of such Loan Party as a corporation organized under the laws of the jurisdiction of its incorporation, and the absence of any proceeding for the dissolution or liquidation of such Loan Party, (D) the truth of the representations and warranties contained in the Financing Documents as though made on and as of the date of the Initial Extension of Credit, except to the extent that any such representation or warranty relates to a specified date, in which case such representation or warranty shall be or was true and correct as of such date, and (E) the absence of any event occurring and continuing, or resulting from the Initial Extension of Credit, that constitutes a Default.

(ix) A certificate of the Secretary or an Assistant Secretary of each Loan Party certifying the names and true signatures of the officers of such Loan Party authorized to sign each Financing Document to which it is or is to be a party and the other documents to be delivered hereunder and thereunder.

(x) Appraisal Reports from the respective Appraisers in respect of the Aircraft set forth on Schedule 1 to the Aircraft Security Agreement and the Narita Collateral, in each case dated after November 1, 2004.

(xi) An insurance report from an independent insurance broker stating the opinion of such firm that the insurance maintained in respect of the Aircraft complies with the requirements set forth in the Aircraft Security Agreement.

(xii) Certificates of insurance evidencing the insurance required by the terms of the Collateral Documents and naming the Agent, on behalf of the Lenders, as additional insured or loss payee, as the case may be.

(xiii) A Notice of Borrowing relating to the Initial Extension of Credit.

(xiv) A favorable opinion of the General Counsel for the Borrower, in substantially the form of Exhibit G-1 hereto and a favorable opinion of the General Counsel for the Parent Guarantor, in substantially the form of Exhibit G-2 hereto.

(xv) A favorable opinion of Daugherty Fowler Peregrin & Haught, FAA counsel to the Loan Parties, in substantially the form of Exhibit G-3 hereto.

(xvi) A favorable opinion of O'Melveny & Myers LLP, regulatory counsel to the Lenders, in substantially the form of Exhibit I hereto.

(xvii) A favorable opinion of Shearman & Sterling LLP, counsel for the Agent.

(b) The Lead Arrangers shall have completed a due diligence investigation of the business, assets, operations, properties, condition (financial or otherwise), contingent liabilities, prospects and material agreements of the Borrower and its Subsidiaries in scope, and with results, satisfactory to the Lead Arrangers. Except as disclosed in writing to the Agent and the Lenders prior to the date hereof, there shall not have occurred a material adverse change in the business, assets, operations, properties or condition (financial or otherwise) of the Borrower and its Subsidiaries, taken as a whole, since December 31, 2003.

(c) The Lead Arrangers shall have received (x) from the Revolving Credit Lenders Revolving Credit Commitments in an aggregate amount of at least $450,000,000 and (y) from the Lenders Commitments in an aggregate amount of at least $750,000,000.

(d) The Borrower shall have paid (i) the upfront fees payable to the Lenders and (ii) all invoiced accrued fees and expenses of the Agent and the Lead Arrangers (including the fees and expenses of counsel to the Agent and the Lead Arrangers).

(e) The Agent and the Lenders shall have received evidence satisfactory to the Agent and the Senior Lenders that the indebtedness outstanding under the Existing Credit Agreement shall have been repaid and that the Existing Credit Agreement shall have been terminated.

(f) On the basis of the Borrower's assessment of the effect of Environmental Laws on the business, operations and properties of the Borrower and its Subsidiaries, in the course of which it identified and evaluated associated liabilities and costs (including, without limitation, any capital or operating expenditures required for clean-up or closure of properties presently or previously owned or operated, any capital or operating expenditures required to achieve or maintain compliance with environmental protection standards imposed by law or as a condition of any license, permit or contract, any related constraints on operating activities, including any periodic or permanent shutdown of any facility or reduction in the level of or change in the nature of operations conducted thereat and any actual or potential liabilities to third parties, including employees, and any related costs and expenses), the Borrower has reasonably concluded that Environmental Laws could not reasonably be expected to have a Material Adverse Effect.

(g) There shall be no action, suit, investigation or proceeding pending or, to the knowledge of the Borrower, threatened in any court or before any arbitrator or governmental authority that (i) could reasonably be expected to have a Material Adverse Effect or (ii) purports to adversely affect the Transaction.

SECTION 3.02. Conditions Precedent to Each Borrowing. The obligation of each Appropriate Lender to make an Advance on the occasion of each Borrowing (including the initial Borrowing) shall be subject to the further conditions precedent that on the date of such Borrowing the following statements shall be true (and each of the giving of the applicable Notice of Borrowing and the acceptance by the Borrower of the proceeds of such Borrowing shall constitute a representation and warranty by the Borrower that on the date of such Borrowing such statements are true, except to the extent that any such representation or warranty relates to a specified date, in which case such representation or warranty shall be or was true and correct as of such date):

(a) the representations and warranties contained in each Financing Document are correct on and as of such date, before and after giving effect to such Borrowing and to the application of the proceeds therefrom, as though made on and as of such date, other than any such representations or warranties that, by their terms, refer to a specific date other than the date of such Borrowing; and

(b) no Default has occurred and is continuing, or would result from such Borrowing or from the application of the proceeds therefrom.

SECTION 3.03. Determinations Under Section 3.01. For purposes of determining compliance with the conditions specified in Section 3.01, each Lender shall be deemed to have consented to, approved or accepted or to be satisfied with each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to the Lenders unless an officer of the Agent responsible for the transactions contemplated by the Financing Documents shall have received notice from such Lender prior to the date that the Borrower, by notice to the Lenders, designates as the proposed Effective Date, specifying its objection thereto and, if the Initial Extension of Credit consists of a Borrowing, such Lender shall not have made available to the Agent such Lender's ratable portion of such Borrowing. The Agent shall promptly notify the Lenders of the occurrence of the Effective Date.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

SECTION 4.01. Representations and Warranties of the Borrower. The Borrower represents and warrants as follows:

(a) Corporate Existence and Power. The Borrower (i) is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware, (ii) is duly qualified and in good standing as a foreign corporation in each other jurisdiction in which it owns or leases property or in which the conduct of its business requires it to so qualify or be licensed, except where the failure to so qualify or be licensed could not reasonably be expected to have a Material Adverse Effect and (iii) has all corporate powers and all material governmental licenses, authorizations, consents and approvals required to carry on its business as now conducted.

(b) Subsidiaries. Set forth on Schedule 4.01(b) hereto is a complete and accurate list of all Material Subsidiaries of the Borrower. All of the outstanding Equity Interests in the Borrower's Material Subsidiaries have been validly issued, are fully paid and non-assessable.

(c) Corporate Authorization; No Contravention. The execution, delivery and performance by the Borrower of this Agreement and the other Financing Documents to be delivered by it are within the Borrower's corporate powers, have been duly authorized by all necessary corporate action, and do not contravene, or constitute a default under, any provision of applicable law or regulation or of the certificate of incorporation or by-laws of the Borrower or of any agreement, judgment, injunction, order, decree or other instrument binding upon the Borrower or result in the creation or imposition of any Lien on any asset of the Borrower or any of its Material Subsidiaries, other than Liens created pursuant to the Financing Documents.

(d) Governmental, Third-Party Approvals or Consents. No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or any other third party is required for (i) the due execution, delivery, recordation, filing or performance by the Borrower of any Financing Document to which it is or is to be a party, or for the consummation of the Transaction, (ii) the grant by the Borrower of the Liens granted by it pursuant to the Collateral Documents, (iii) the perfection or maintenance of the Liens under the laws of the United States, any State thereof or any political subdivision or agency thereof created under the Collateral Documents, subject only to Permitted Liens or (iv) as of the Effective Date, the exercise by the Agent or any Lender of its rights under the Financing Documents or the remedies in respect of the Collateral pursuant to the Collateral Documents, except for (a) the authorizations, approvals, actions, notices and filings listed on Schedule 4.01(d) hereto, all of which have been duly observed, taken, given or made and are in full force and effect and (b) the authorizations, approvals, actions, notices and filings contemplated by the SGR Security Agreement.

(e) Binding Effect. This Agreement constitutes, and the other Financing Documents, when executed and delivered by the Borrower, will constitute, valid and binding agreements of the Borrower, enforceable against the Borrower in accordance with their respective terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally and by general principles of equity.

(f) Litigation. Except as disclosed to the Lenders in Schedule 4.01(f) hereto, there is no action, suit, investigation, litigation or proceeding pending against, or to the knowledge of the Borrower threatened against or affecting, the Borrower or any of its Material Subsidiaries before any court or arbitrator or any governmental body, agency or official (i) which could reasonably be expected to have a Material Adverse Effect or (ii) which purports to affect the legality, validity or enforceability of this Agreement or any Financing Documents or the consummation of the transactions contemplated hereby.

(g) Financial Information. (i) The consolidated balance sheet of the Borrower and its Subsidiaries as of December 31, 2003 and the related consolidated statements of operations and cash flows for the fiscal year then ended, reported on by Ernst & Young LLP and set forth in the Borrower's report on Form 10-K for the year ended December 31, 2003, a copy of which has been delivered to each of the Lenders, fairly present, in conformity with generally accepted accounting principles, the consolidated financial position of the Borrower and its Subsidiaries as of such date and their consolidated results of operations and cash flows for such fiscal year.

(ii) The unaudited consolidated balance sheet of the Borrower and its Subsidiaries as of September 30, 2004 and the related unaudited consolidated statements of operations and cash flows for the nine months then ended, set forth in the Borrower's report on Form 10-Q as filed with the Securities and Exchange Commission, a copy of which has been delivered to each of the Lenders, fairly present, in conformity with generally accepted accounting principles applied on a basis consistent with the financial statements referred to in subsection (i) of this Section, the consolidated financial position of the Borrower and its Subsidiaries as of such date and their consolidated results of operations and cash flows for such nine month period (subject to normal year-end adjustments).

(iii) Except as disclosed in the Disclosure Documents filed on or prior to December 3, 2004, since the date of the financial statements delivered to the Lenders pursuant to Section 4.01(g)(i), there has been no material adverse change in the business, assets, operations, properties or condition (financial or otherwise) of the Borrower and its Material Subsidiaries, considered as a whole.

(iv) Neither the Information Memorandum nor any other written information, exhibit or report or the Disclosure Documents (as modified or supplemented by other written information so furnished), taken as a whole, furnished by or on behalf of any Loan Party to the Agent, the Lead Arrangers or any Lender in connection with the negotiation and syndication of the Financing Documents or pursuant to the terms of the Financing Documents contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements made therein not misleading in light of the circumstances in which such information, exhibits and reports were provided; provided that, with respect to projections, the Borrower represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time.

(h) Compliance with ERISA. Each member of the ERISA Group has fulfilled its obligations under the minimum funding standards of ERISA and the Internal Revenue Code with respect to each Plan and is in compliance in all material respects with the presently applicable provisions of ERISA and the Internal Revenue Code with respect to each Plan. No member of the ERISA Group has (i) sought a waiver of the minimum funding standard under Section 412 of the Internal Revenue Code in respect of any Plan, (ii) failed to make any contribution or payment to any Plan or Multiemployer Plan or in respect of any Benefit Arrangement, or made any amendment to any Plan or Benefit Arrangement, which has resulted or could result in the imposition of a Lien or the posting

of a bond or other security under ERISA or the Internal Revenue Code or (iii) incurred any liability under Title IV of ERISA other than a liability to the PBGC for premiums under Section 4007 of ERISA. Nothing in this paragraph (h) precludes a member of the ERISA Group from seeking, after the Effective Date, a waiver of the minimum funding standards under Section 412 of the Internal Revenue Code in respect of any Plan, provided the requested waiver complies in all other respects with the terms of this Agreement.

(i) Environmental Matters. The Borrower has not received notice to the effect, nor does any Responsible Officer have any actual knowledge, that its operations are not in material compliance with any applicable Environmental Laws or the subject of any federal or state investigation evaluating whether any remedial action is needed to respond to a release of any toxic or hazardous waste or substance into the environment, which non-compliance or remedial action could reasonably be expected to have a Material Adverse Effect.

(j) Margin Regulations. The Borrower is not engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation U issued by the Board of Governors of the Federal Reserve System), and no proceeds of any Advance will be used to purchase or carry any margin stock or to extend credit to others for the purpose of purchasing or carrying any margin stock.

(k) Investment Company Act; Public Utility Holding Company Act. Neither the Borrower nor any of its Material Subsidiaries is an "investment company" or "promoter" or "principal underwriter" for, an "investment company", as such terms are defined in the Investment Company Act of 1940, as amended. Neither the Borrower nor any of its Material Subsidiaries is a "holding company", or a "subsidiary company" of a "holding company", as such terms are defined in the Public Utility Holding Company Act of 1935, as amended.

(l) Perfection, Etc. All filings and other actions necessary or desirable to perfect (to the extent provided in the Collateral Documents) and protect the security interest in the AA Collateral created under the Collateral Documents have been duly made or taken and are in full force and effect under the laws of the United States, any State thereof or any political subdivision or agency thereof, and the Collateral Documents create in favor of the Agent for the benefit of the Secured Parties a valid and, together with such filings and other actions, perfected security interest in such AA Collateral, securing the payment of the Secured Obligations, under the laws of the United States, any State thereof or any political subdivision or agency thereof and all filings and other actions necessary or desirable to perfect and protect such security interest have been duly taken under the laws of the United States, any State thereof or any political subdivision or agency thereof. The Borrower is the legal and beneficial owner of the Collateral (as such term is defined in the Aircraft Security Agreement) free and clear of any Lien, except for the liens and security interests created or permitted under the Financing Documents. The Borrower is the holder of the Narita Collateral free and clear of any Lien, except for the liens and security interests created or permitted under the Financing Documents.

(m) No Default. Neither the Borrower nor any Material Subsidiary of the Borrower is in default under or with respect to any Contractual Obligation that could, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(n) Casualty, Etc. Neither the business nor the properties of the Borrower or any of its Material Subsidiaries are affected by any fire, explosion, accident, strike, lockout or other labor dispute, drought, storm, hail, earthquake, embargo, act of God or of the public enemy or other casualty (whether or not covered by insurance) that could reasonably be expected to have a Material Adverse Effect.

(o) Taxes. The Borrower and each of its Material Subsidiaries and Affiliates has filed, has caused to be filed or has been included in all material tax returns (Federal, state, local and foreign) required to be filed and has paid all taxes shown thereon to be due and all material taxes otherwise due and payable, together with applicable interest and penalties.

(p) Aircraft Value. Schedule 1 to the Aircraft Security Agreement, as amended or supplemented from time to time, sets forth a list of Unencumbered Stage 3 Aircraft with an Aircraft Value, as set forth in the most recent Appraisal Report delivered with respect thereto (a copy of which has been delivered to each of the Lenders), equal to the amount set forth opposite such Aircraft.

(q) Regulatory Status. The Borrower is an "air carrier" within the meaning of Section 40102 of Title 49 and holds a certificate under Section 41102 of Title 49. The Borrower holds an air carrier operating certificate issued pursuant to Chapter 447 of Title 49. The Borrower and the Parent Guarantor are each a "citizen of the United States" as defined in Section 40102(a)(15) of Title 49 and as that statutory provision has been interpreted by DOT pursuant to its policies (a "UNITED STATES CITIZEN"). The Borrower possesses all necessary certificates, franchises, licenses, permits, rights, designations, authorizations, exemptions, concessions, frequencies, and consents to operate the Narita Routes.

SECTION 4.02. Representations and Warranties of the Parent Guarantor. The Parent Guarantor represents and warrants as follows:

(a) Corporate Existence and Power. The Parent Guarantor (i) is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware, (ii) is duly qualified and in good standing as a foreign corporation in each other jurisdiction in which it owns or leases property or in which the conduct of its business requires it to so qualify or be licensed, except where the failure to so qualify or be licensed could not reasonably be expected to have a Material Adverse Effect and (iii) has all corporate powers and all material governmental licenses, authorizations, consents and approvals required to carry on its business as now conducted.

(b) Corporate Authorization; No Contravention. The execution, delivery and performance by the Parent Guarantor of this Agreement and the other Financing Documents to

be delivered by it are within the Parent Guarantor's corporate powers, have been duly authorized by all necessary corporate action, and do not contravene, or constitute a default under, any provision of applicable law or regulation or of the certificate of incorporation or by-laws of the Parent Guarantor or of any agreement, judgment, injunction, order, decree or other instrument binding upon the Parent Guarantor or result in the creation or imposition of any Lien on any asset of the Parent Guarantor or any of its Material Subsidiaries, other than Liens created pursuant to the Financing Documents.

(c) Governmental, Third Party Approvals or Consents. No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or any other third party is required for (i) the due execution, delivery, recordation, filing or performance by the Parent Guarantor of any Financing Document to which it is or is to be a party, or for the consummation of the Transaction, (ii) the grant by the Parent Guarantor of the Liens granted by it pursuant to the Collateral Documents, (iii) the perfection or maintenance of the Liens created under the Collateral Documents, subject only to Permitted Liens or (iv) as of the Effective Date, the exercise by the Agent or any Lender of its rights under the Financing Documents or the remedies in respect of the Collateral pursuant to the Collateral Documents, except for the authorizations, approvals, actions, notices and filings listed on Schedule 4.01(d) hereto, all of which have been duly observed, taken, given or made and are in full force and effect.

(d) Binding Effect. This Agreement constitutes, and the other Financing Documents, when executed and delivered by the Parent Guarantor, will constitute, valid and binding agreements of the Parent Guarantor, enforceable against the Parent Guarantor in accordance with their respective terms, except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally and by general principles of equity.

(e) Financial Information. (i) The consolidated balance sheet of the Parent Guarantor and its Subsidiaries as of December 31, 2003 and the related consolidated statements of operations and cash flows for the fiscal year then ended, reported on by Ernst & Young LLP and set forth in the Parent Guarantor's report on Form 10-K for the year ended December 31, 2003, a copy of which has been delivered to each of the Lenders, fairly present, in conformity with generally accepted accounting principles, the consolidated financial position of the Parent Guarantor and its Subsidiaries as of such date and their consolidated results of operations and cash flows for such fiscal year.

(ii) The unaudited consolidated balance sheet of the Parent Guarantor and its Subsidiaries as of September 30, 2004 and the related unaudited consolidated statements of operations and cash flows for the nine months then ended, set forth in the Parent Guarantor's report on Form 10-Q as filed with the Securities and Exchange Commission, a copy of which has been delivered to each of the Lenders, fairly present, in conformity with generally accepted accounting principles applied on a basis consistent with the financial statements referred to in subsection (i) of this Section, the consolidated financial position of the Parent Guarantor and its Subsidiaries as of such date and their consolidated results of operations and cash flows for such nine month period (subject to normal year-end adjustments).

(f) Perfection, Etc. All filings and other actions necessary or desirable to perfect (to the extent set forth in the Pledge Agreement) and protect the security interest in the AMR Collateral created under the Collateral Documents have been duly made or taken and are in full force and effect, and the Collateral Documents create in favor of the Agent for the benefit of the Secured Parties a valid and, together with such filings and other actions, perfected security interest in such AMR Collateral, securing the payment of the Secured Obligations, and all filings and other actions necessary or desirable to perfect and protect such security interest have been duly taken. The Parent Guarantor is the legal and beneficial owners of the AMR Collateral free and clear of any Lien, except for the liens and security interests created or permitted under the Financing Documents.

ARTICLE V

COVENANTS OF THE LOAN PARTIES

SECTION 5.01. Affirmative Covenants. So long as any principal, interest and premiums related to any Advances and any fees hereunder shall remain unpaid or any Lender shall have any Commitment hereunder, the Borrower, and as to Sections 5.01(a)(iv), 5.01(a)(v), 5.01(a)(vi), 5.01(a)(ix), 5.01(a)(x), 5.01(a)(xvi), 5.01(b)(i) and 5.01(h) the Parent Guarantor, will:

(a) Information. Deliver to the Agent for distribution to the Lenders:

(i) as soon as available and in any event within 90 days (or such longer period as is permitted for the filing of an equivalent periodic report to the extent an extension thereof has been obtained under Rule 12b-25 of the General Rules and Regulations under the Securities Exchange Act of 1934, or any successor rules) after the end of each fiscal year of the Borrower, a consolidated balance sheet of the Borrower and its Subsidiaries as of the end of such fiscal year and the related consolidated statements of operations and cash flows for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year, all in the form filed with the Securities and Exchange Commission accompanied by an opinion of Ernst & Young LLP or other independent public accountants of nationally recognized standing;

(ii) as soon as available and in any event within 45 days (or such longer period as is permitted for the filing of an equivalent periodic report to the extent an extension thereof has been obtained under Rule 12b-25 of the General Rules and Regulations under the Securities Exchange Act of 1934, or any successor rules) after the end of each of the first three quarters of each fiscal year of the Borrower, a consolidated balance sheet of the Borrower and its Subsidiaries as of the end of such quarter and the related consolidated statements of operations and cash flows for such quarter and for the portion of the Borrower's fiscal year ended at the end of such quarter, setting forth in each case in comparative form the figures for the corresponding quarter and the corresponding portion of the Borrower's previous fiscal year, all in the form filed with the Securities and Exchange Commission and certified (subject to normal year-end adjustments) as

to fairness of presentation, generally accepted accounting principles and consistency by the chief financial officer or the chief accounting officer or the treasurer of the Borrower;

(iii) within 90 days after the end of each fiscal year of the Borrower and within 45 days after the end of each of the first three quarters of each fiscal year of the Borrower (or, in each case, such longer period as is permitted for the filing of an equivalent underlying periodic report to the extent an extension thereof has been obtained under Rule 12b-25 of the General Rules and Regulations under the Securities Exchange Act of 1934, or any successor rules), a certificate of the chief financial officer or the chief accounting officer or the treasurer of the Borrower, in substantially the form of Exhibit J-1 attached hereto, (A) setting forth in reasonable detail the calculations required to establish whether the Borrower was in compliance with the requirements of Section 5.03(a) on the date of the financial statements most recently delivered pursuant to clause (i) or (ii) above, as applicable, (B) stating whether any Default exists on the date of such certificate and, if any Default then exists, setting forth the details thereof and the action which the Borrower is taking or proposes to take with respect thereto and (C) as to such Collateral matters as provided for on Exhibit J-1 attached hereto, provided that in the event of any change in GAAP used in the preparation of such financial statements, the Borrower shall also provide, if necessary for the determination of compliance with Section 5.03(a), a statement of reconciliation conforming such financial statements to GAAP;

(iv) as soon as available and in any event within 90 days (or such longer period as is permitted for the filing of an equivalent periodic report to the extent an extension thereof has been obtained under Rule 12b-25 of the General Rules and Regulations under the Securities Exchange Act of 1934, or any successor rules) after the end of each fiscal year of the Parent Guarantor, a consolidated balance sheet of the Parent Guarantor and its Subsidiaries as of the end of such fiscal year and the related consolidated statements of operations and cash flows for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year, all in the form filed with the Securities and Exchange Commission accompanied by an opinion of Ernst & Young LLP or other independent public accountants of nationally recognized standing;

(v) as soon as available and in any event within 45 days (or such longer period as is permitted for the filing of an equivalent periodic report to the extent an extension thereof has been obtained under Rule 12b-25 of the General Rules and Regulations under the Securities Exchange Act of 1934, or any successor rules) after the end of each of the first three quarters of each fiscal year of the Parent Guarantor, a consolidated balance sheet of the Parent Guarantor and its Subsidiaries as of the end of such quarter and the related consolidated statements of operations and cash flows for such quarter and for the portion of the Parent Guarantor's fiscal year ended at the end of such quarter, setting forth in each case in comparative form the figures for the corresponding quarter and the corresponding portion of the Parent Guarantor's previous fiscal year, all in the

form filed with the Securities and Exchange Commission and certified (subject to normal year-end adjustments) as to fairness of presentation, generally accepted accounting principles and consistency by the chief financial officer or the chief accounting officer or the treasurer of the Parent Guarantor;

(vi) within 90 days after the end of each fiscal year of the Parent Guarantor and within 45 days after the end of each of the first three quarters of each fiscal year of the Parent Guarantor (or, in each case, such longer period as is permitted for the filing of an equivalent underlying periodic report to the extent an extension thereof has been obtained under Rule 12b-25 of the General Rules and Regulations under the Securities Exchange Act of 1934, or any successor rules), a certificate of the chief financial officer or the chief accounting officer or the treasurer of the Parent Guarantor, in substantially the form of Exhibit J-2 hereto, (A) setting forth in reasonable detail the calculations required to establish whether the Parent Guarantor was in compliance with the requirements of Section 5.03(b) on the date of the financial statements most recently delivered pursuant to clause (iv) or (v) above, as applicable, and (B) stating whether any Default exists on the date of such certificate and, if any Default then exists, setting forth the details thereof and the action which the Parent Guarantor is taking or proposes to take with respect thereto, provided that in the event of any change in GAAP used in the preparation of such financial statements, the Parent Guarantor shall also provide, if necessary for the determination of compliance with Section 5.03(b), a statement of reconciliation conforming such financial statements to GAAP;

(vii) within five Business Days after any Responsible Officer obtains knowledge of any Default that is not reasonably likely to be cured within the applicable grace period or of any Event of Default, if such event or condition is then continuing, a certificate of the chief financial officer or the chief accounting officer or the treasurer of the Borrower setting forth the details thereof and the action which the Borrower is taking or proposes to take with respect thereto;

(viii) promptly after any Responsible Officer of the Borrower obtains knowledge thereof, notice of all material actions, suits, investigations, litigation and proceedings before any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, affecting the Borrower or any of its Material Subsidiaries of the type described in Section 4.01(f);

(ix) promptly upon the mailing thereof to the shareholders of the Borrower or the Parent Guarantor generally, copies of all financial statements, reports and proxy statements so mailed;

(x) promptly after the furnishing thereof, copies of any notice of default furnished to any holder of Debt securities or lenders under any bank facility of the Parent Guarantor, the Borrower or any of the Borrower's Material Subsidiaries in a principal amount of over $40,000,000.

(xi) promptly upon the filing thereof, copies of all registration statements (other than the exhibits thereto and any registration statements on Form S-8 or its equivalent) and reports on Forms 10-K, 10-Q and 8-K (or their equivalents) which the Borrower or the Parent Guarantor shall have filed with the Securities and Exchange Commission;

(xii) if and when any member of the ERISA Group (i) gives or is required to give notice to the PBGC of any "reportable event" (as defined in Section 4043 of ERISA) with respect to any Plan which might constitute grounds for a termination of such Plan under Title IV of ERISA, or knows that the plan administrator of any Plan has given or is required to give notice of any such reportable event, promptly, but in no event later than 30 days after the occurrence of such reportable event, a copy of the notice of such reportable event given or required to be given to the PBGC; (ii) receives notice of complete or partial withdrawal liability under Title IV of ERISA or notice that any Multiemployer Plan is in reorganization, is insolvent or has been terminated, promptly upon receipt of such notice, a copy of such notice; (iii) receives notice from the PBGC under Title IV of ERISA of an intent to terminate, impose liability (other than for premiums under Section 4007 of ERISA) in respect of, or appoint a trustee to administer, any Plan, promptly upon receipt of such notice, a copy of such notice; (iv) applies for a waiver of the minimum funding standard under Section 412 of the Internal Revenue Code, promptly upon the filing of such application, a copy of such application; (v) gives notice of intent to terminate any Plan under Section 4041(c) of ERISA, promptly on giving such notice, a copy of such notice and other information filed with the PBGC; (vi) gives notice of withdrawal from any Plan pursuant to Section 4063 of ERISA, promptly upon the giving of such notice, a copy of such notice; or (vii) fails to make any payment or contribution to any Plan or Multiemployer Plan or in respect of any Benefit Arrangement or makes any amendment to any Plan or Benefit Arrangement which has resulted or could result in the imposition of a Lien or the posting of a bond or other security, promptly upon the occurrence of such failure, a certificate of the chief financial officer or the chief accounting officer of the Borrower setting forth details as to such occurrence and action, if any, which the Borrower or applicable member of the ERISA Group is required or proposes to take;

(xiii) promptly after any Responsible Officer of the Borrower obtains knowledge thereof, notice of any Environmental Action against or of any noncompliance by the Borrower or any of its Material Subsidiaries with any Environmental Law or Environmental Permit that could reasonably be expected to have a Material Adverse Effect;

(xiv) promptly after any Responsible Officer of the Borrower obtains knowledge thereof, notice of any taxes, assessments and governmental charges or liens imposed upon the Borrower or any of its Material Subsidiaries or any of their properties, or any action, suit, investigation or proceeding in respect thereof, which, either individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect;

(xv) promptly after any Responsible Officer of the Borrower obtains knowledge thereof, any announcement by Moody's or S&P of any change in the Senior Secured Debt Rating; and

(xvi) from time to time such additional historical information regarding the financial position or business of the Parent Guarantor, the Borrower and the Borrower's Material Subsidiaries as the Agent, at the request of any Lender, may reasonably request; provided that requests for non-public information shall be limited to items of significant importance to the requesting Lender's credit monitoring process and that any Lender receiving non-public materials furnished pursuant to this clause shall be deemed Confidential Information for purposes of this Agreement.

Reports required to be delivered pursuant to clauses (i), (ii), (iv), (v) and (xi) above shall be deemed to have been delivered on the date on which such report is posted on the SEC's website at www.sec.gov, and such posting shall be deemed to satisfy the reporting requirements of clauses (i), (ii), (iv), (v) and (xi) above; provided that the Borrower or the Parent Guarantor, as the case may be, shall deliver copies of the reports referred to in clauses (i), (ii), (iv), (v) and (xi) above to the Agent for distribution to any Lender in accordance with Section 9.02(b) (it being understood that to the extent Section 9.02(b) shall not be applicable, paper copies of such reports shall be delivered to the Agent for distribution to any Lender who requests such paper copies until written notice to cease delivering paper copies is given by the Agent or such Lender); provided further that in every instance the Borrower or the Parent Guarantor, as the case may be, shall provide paper copies of the items described in clauses (iii), (vi), (vii), (viii), (ix), (x), (xii), (xiii), (xiv), (xv) and (xvi) above to the Agent.

(b) Maintenance of Existence. (i) Preserve, renew and keep in full force and effect its corporate existence and (ii) maintain, and cause each of its Material Subsidiaries to maintain, permits, rights, privileges, licenses, franchises and approvals, except where the failure to do so could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect; provided that nothing in this Section 5.01(b) shall prohibit consolidations, mergers or sales of assets which comply with Section 5.02(b).

(c) Compliance with Laws. Comply, and cause each of its Material Subsidiaries to comply, in all material respects, with all applicable laws (including, without limitation, ERISA and Environmental Laws), rules, regulations and orders which are of material importance to the conduct of the business, or the ownership of the property, of the Borrower and its Material Subsidiaries, except where the necessity of compliance therewith is contested in good faith by appropriate proceedings.

(d) Insurance. Maintain, and cause each of its Material Subsidiaries to maintain, insurance (including but not limited to liability insurance) with responsible and reputable insurers in such amounts and covering such risks as is usually carried by companies engaged in a similar business and owning similar properties and such other insurance as is required by law (including, without limitation, war risk and terrorism insurance on all its property and the property of its Material Subsidiaries in an amount

that is no less than the maximum amount available to the Borrower and the Parent Guarantor from the DOT under the Federal Aviation Insurance Program, as amended by the Air Transportation Stabilization Act and Regulations and further amended by the Homeland Security Act of 2002, and as further amended by the Vision-100 Century of Aviation Reauthorization Act, and as extended by Congress in November 2004).

(e) Use of Proceeds. Use the proceeds of the Advances solely for the purposes set forth in Section 2.15.

(f) Payment of Taxes, Etc. Pay and discharge, and cause each of its Material Subsidiaries to pay and discharge, before the same shall become delinquent, (i) all taxes, governmental assessments and governmental charges or levies imposed upon it or upon its property and (ii) all lawful claims in respect of taxes, governmental assessments, governmental charges and levies that, if unpaid, might by law become a Lien upon its property; provided, however, that neither the Borrower nor any of its Material Subsidiaries shall be required to pay or discharge any such tax, assessment, charge, levy or claim that is being contested in good faith and by proper proceedings and as to which appropriate reserves are being maintained, unless and until any Lien resulting therefrom attaches to its property and becomes enforceable against its other creditors and any such Liens shall attach and become enforceable in respect of any such taxes, assessments, charges, levies and claims, which either individually or in the aggregate exceed $25,000,000.

(g) Inspection of Aircraft. Permit the Agent or any of the Lenders, or any agent or representative thereof, to exercise its inspection rights in accordance with Section 5.03 of the Aircraft Security Agreement.

(h) Keeping of Books. Keep, and cause each of its Material Subsidiaries to keep, proper books of record and account, in which full and correct entries shall be made of all financial transactions and the assets and business of the Borrower and each such Subsidiary in accordance with generally accepted accounting principles in effect from time to time.

(i) Maintenance of Equipment. Maintain, and cause each of its Material Subsidiaries to maintain, substantially all of its equipment (except surplus or obsolete equipment) in good operating order, except where the failure to keep such equipment in good operating order would not have a material adverse effect on the financial conditions or results of operations of the Borrower.

(j) Transactions with Affiliates. Conduct all transactions with any of its Affiliates on terms that are fair and reasonable and no less favorable to the Borrower than it would obtain in a comparable arm's-length transaction with a Person not an Affiliate. The following transactions shall be deemed to comply with this Section 5.01(j): (i) any Existing Capacity Agreement (or any amendments, renewals or replacements thereof to the extent that any such Existing Capacity Agreement, as so amended, renewed or replaced, shall be on terms (A) approved by the Borrower's management upon a good faith determination that such amendments, renewals or replacements are consistent with

industry norms at the time made, (B) that are reasonably consistent with past practice and that, taken as a whole, are not materially less favorable to the Borrower than such Existing Capacity Agreement, or (C) that, taken as a whole together with other benefits received at the time from the other party thereto, are not materially less favorable to the Borrower than such Existing Capacity Agreement); (ii) any transaction or arrangement (other than Existing Capacity Agreements or any amendments, renewals or replacements thereof) between or among any of the Parent Guarantor and any of its direct or indirect subsidiaries (including, without limitation, payment of dividends, guarantees and making of inter-company loans); (iii) the entering into, making payments pursuant to and otherwise performing indemnification and contribution obligations in favor of any Person who is or becomes a director, officer, agent or employee of the Parent Guarantor or any of its direct or indirect subsidiaries, in respect of liabilities (A) arising out of the fact that any indemnitee was or is a director, officer, agent or employee of the Parent Guarantor or any of its direct or indirect subsidiaries, or is or was serving at the request of any such corporation, as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or enterprise or (B) to the fullest extent permitted by applicable law, arising out of any breach or alleged breach by such indemnitee of his or her fiduciary duty as a director or officer of the Parent Guarantor or any of its direct or indirect subsidiaries; (iv) the Borrower and its Subsidiaries may enter into, and may make payments under, employment agreements, employee benefits plans, stock option plans, indemnification provisions and other similar compensatory arrangements with officers, employees and directors of the Parent Guarantor and its direct or indirect subsidiaries in the ordinary course of business; (v) performance by the Borrower or any of its Subsidiaries under any customary or commercially reasonable tax sharing agreements or arrangements; (vi) ordinary course transactions approved by the Board of Directors of Borrower or by Borrower's management that are reasonably consistent with past practice and reasonable modifications or extensions thereof; (vii) transactions with or involving any special purpose entities, variable interest entities and other similar entities formed in connection with any bona fide financing transaction on terms necessary or appropriate or customary for the relevant type of transaction (such entities, "FINANCING VEHICLES") and (viii) any transaction as to which the Borrower has obtained an opinion from a financial advisor or appraiser that the transaction is fair to the Borrower from a financial point of view.

(k) Performance of Material Contracts. Perform and observe all the terms and provisions of each Material Contract to be performed or observed by it, except, in any case, where the failure to do so, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

(l) Pari Passu. Ensure that all claims of the Lenders or the Agent against the Borrower will be at all times at least pari passu to the claims of other unsecured creditors of the Borrower (except to the extent provided under bankruptcy, insolvency and other similar laws of general applications relating to or affecting the enforcement of creditors' rights).

(m) Appraisals. (i) Cause the Appraiser to conduct an appraisal of the then current Aircraft Value of the Aircraft and to deliver an Appraisal Report in respect

thereof to the Lenders and the Borrower (x) by no later than 45 days prior to each 6-month anniversary of the Effective Date (it being understood that such appraisal shall not have been conducted earlier than 90 days prior to such 6-month anniversary) or (y) promptly at the request of the Agent, upon the occurrence or continuation of an Event of Default (but not more frequently than every 90 days following the occurrence and during the continuance of any Event of Default); and (ii) cause the Appraiser to conduct an appraisal of the then current fair market value of the Narita Collateral and to deliver an Appraisal Report in respect thereof to the Lenders, (x) by no later than 45 days prior to each 12-month anniversary of the Effective Date (it being understood that such appraisal shall not have been conducted earlier than 90 days prior to such 12-month anniversary) or (y) promptly at the request of the Agent, upon the occurrence or continuation of an Event of Default (but not more frequently than every 90 days following the occurrence and during the continuance of any Event of Default).

(n) Security.

(i) Collateral Coverage. Cause, subject to the provisions set forth in this Section 5.01(n), the Aggregate Collateral Value, as determined pursuant to the Appraisal Report most recently delivered to the Lenders pursuant to Section 5.01(m)(i), to be equal to or greater than the Required Collateral Amount.

(ii) Delivery of Additional Aircraft Collateral. If the Aggregate Collateral Value determined in accordance with the Appraisal Report most recently delivered to the Lenders and the Borrower pursuant to Section 5.01(m)(i) is less than the Required Collateral Amount, the Borrower shall, within 45 days of the delivery to it of such Appraisal Report pursuant to Section 5.01(m)(i), (A) designate by a supplement to Schedule 1 to the Aircraft Security Agreement delivered to each Lender additional Unencumbered Stage 3 Aircraft with an Aircraft Value (as determined by the Appraiser in an Appraisal Report with respect thereto delivered prior to the required time of delivery of such supplement), and/or deposit cash and/or Permitted Investments into the Cash Collateral Account, such that, after giving effect to such supplement and/or such deposit, the Aggregate Collateral Value is not less than the Required Collateral Amount and (B) if additional Unencumbered Stage 3 Aircraft are being pledged, (i) execute and deliver to the Agent the Security Agreement Supplements with respect to all Aircraft then being pledged and assigned and (ii) within 10 days after receiving the executed Security Agreement Supplement back from the Agent, take all action necessary or desirable to cause the Liens created thereby to be perfected and protected against all creditors and transferees of the Borrower under applicable law (including without limitation the applicable rules and regulations promulgated under the Federal Aviation Act) subject to no prior Liens (other than Permitted Liens) (such perfected and protected interest, the "SECURITY ARRANGEMENTS") and furnish Security Opinions with respect to all of such Aircraft and any other collateral. If the Borrower fails to make any such Security Arrangements within the 45-day period set forth above, the Borrower shall prepay any Advances and, to the extent such Advances are Revolving Credit Advances, reduce any corresponding Revolving Credit Commitments in accordance with the

terms hereof, so that, after giving effect to such prepayment of Advances, the Aggregate Collateral Value determined in accordance with the Appraisal Report most recently delivered to the Lenders pursuant to Section 5.01(m)(i), shall be equal to or greater than the Required Collateral Amount.

(iii) Substitution and Release of Aircraft Collateral. (A) The Borrower may, at any time and from time to time, provided no Default under Section 6.01(a) or Section 6.01(f) and no Event of Default shall have occurred and be continuing, substitute (x) one or more Replacement Aircraft or Replacement Engines for one or more Aircraft or Engines, respectively, designated by the Borrower, (y) one or more Replacement Aircraft or Replacement Engines for cash and/or Permitted Investments or (z) cash and/or Permitted Investments for one or more Aircraft or Engines designated by the Borrower. In the event that the Borrower desires to effect any such substitution, the Borrower shall deliver an amendment to Schedule 1 to the Aircraft Security Agreement to all of the Lenders designating any Replacement Aircraft or Replacement Engine to be added to such Schedule, specifying any Aircraft or Engine to be removed from such Schedule and specifying the amount of any cash and/or Permitted Investments to be added to, or cash and/or Permitted Investments to be removed from, the Cash Collateral Account; provided that (I) such amendment is accompanied by (A) an Appraisal Report of the Appraiser as to the Aircraft Value of the Replacement Aircraft or Replacement Engines, as the case may be, to be delivered in substitution and (B) an executed Security Agreement Supplement with respect to any such Replacement Aircraft or Replacement Engine, and evidence satisfactory to the Agent that such Replacement Aircraft or Replacement Engine has been made subject to the Security Arrangements together with Security Opinions with respect to such Replacement Aircraft or Replacement Engine or, if the collateral delivered in substitution is cash and/or Permitted Investments, deposit of such cash and/or Permitted Investments with the applicable Cash Collateral Value in the Cash Collateral Account and (II) the Aircraft Value of the Replacement Aircraft or Replacement Engine, as the case may be, to be delivered in substitution (as set forth in the Appraisal Report delivered at such time), together with the Cash Collateral Value of any cash and/or Permitted Investments deposited in the Cash Collateral Account, equals or exceeds the Aircraft Value or Cash Collateral Value, as the case may be, of the Aircraft, Engines or cash and/or Permitted Investments being replaced.

(B) At any time when the Aggregate Collateral Value, determined in accordance with the Appraisal Report most recently delivered to the Lenders pursuant to Section 5.01(m)(i) exceeds the Required Collateral Amount, provided that no Default under Section 6.01(a) or Section 6.01(f) and no Event of Default shall then have occurred and be continuing, the Borrower may deliver notice to the Agent (which shall promptly send copies thereof to each Lender) removing any Aircraft or Engine from Schedule 1 to the Aircraft Security Agreement and requesting the release of Aircraft, Engines or cash and/or Permitted Investments from the Lien of the Aircraft Security Agreement, provided that the Aggregate

Collateral Value after giving effect to such removal or release shall not be less than the Required Collateral Amount. Such notice shall identify the Aircraft, Engines or cash and/or Permitted Investments in the Cash Collateral Account to be released.

(iv) Upon compliance with the foregoing provisions the Agent shall, if the Security Arrangements have been effected, release the item of collateral being replaced or released and any related Warranty Rights (as defined in the Aircraft Security Agreement) in accordance with the provisions of the Aircraft Security Agreement.

(v) Event of Loss. (A) Upon the occurrence of an Event of Loss with respect to any Airframe, the Borrower shall forthwith give the Agent notice of such Event of Loss and, within 45 days thereafter: (x) designate by a supplement to Schedule 1 to the Aircraft Security Agreement delivered to each Lender a Replacement Airframe (together with the same number of Replacement Engines as the Engines relating to such Airframe at the time such Event of Loss occurred unless such Engines did not suffer such Event of Loss and are suitable for use on such Replacement Airframe), such Replacement Airframe and Replacement Engines (if any) to be free and clear of all Liens (other than Permitted Liens) and/or (y) deposit cash and/or Permitted Investments in the Cash Collateral Account in replacement for any Aircraft of which such Airframe was a part, in each case accompanied by (A) an Appraisal Report of the Appraiser as to the Aircraft Value of the Replacement Airframe and Replacement Engines (if any) delivered in replacement, such value, together with the Cash Collateral Value of any cash and/or Permitted Investments deposited in the Cash Collateral Account pursuant to clause (y) above, to be at least equal to the Aircraft Value of the Airframe and Engines, if any, so replaced and (B) an executed Security Agreement Supplement with respect to such Replacement Airframe and Replacement Engines (if any), and evidence satisfactory to the Agent that any such Replacement Airframes and/or Replacement Engines have been made subject to the Security Arrangements together with Security Opinions with respect to any such Replacement Aircraft or Replacement Engines.

(B) 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 any Airframe, the Borrower shall forthwith give the Agent notice of such Event of Loss and, within 45 days thereafter: (x) designate by a supplement to Schedule 1 to the Aircraft Security Agreement delivered to each Lender a Replacement Engine, such Replacement Engine to be free and clear of all Liens (other than Permitted Liens) and to have an Aircraft Value (as set forth in an Appraisal Report of the Appraiser delivered to the Lenders at such time) at least equal to the Aircraft Value of the Engine so replaced and (y) deliver a Security Agreement Supplement with respect to such Replacement Engine, and otherwise cause such Replacement Engine to become subject to the Security Arrangements and Security Opinions to be delivered with respect thereto.

(C) Upon compliance with the foregoing provisions, the Agent shall release the item of collateral being replaced and any related Warranty Rights (as defined in the Aircraft Security Agreement) in accordance with the provisions of the Aircraft Security Agreement.

(vi) Costs of Compliance. The Borrower shall bear all costs and expenses of compliance with Section 5.01(m) and this Section 5.01(n).

(o) Further Assurances. Promptly upon request by the Agent, or any Lender through the Agent, do, execute, acknowledge, deliver, record, re-record, file, re-file, register and re-register any and all such further acts, deeds, conveyances, pledge agreements, assignments, financing statements and continuations thereof, termination statements, notices of assignment, transfers, certificates, assurances and other instruments as the Agent, or any Lender through the Agent, may reasonably require from time to time in order to (A) to the fullest extent permitted by applicable law, subject any Loan Party's Collateral to the Liens now or hereafter intended to be covered by any of the Collateral Documents, (B) perfect and maintain the validity, effectiveness and priority of any of the Collateral Documents and any of the Liens intended to be created thereunder and (C) assure, convey, grant, assign, transfer, preserve, protect and confirm more effectively unto the Secured Parties the rights granted or now or hereafter intended to be granted to the Secured Parties under any Financing Document or under any other instrument executed in connection with any Financing Document to which any Loan Party is or is to be a party, and cause each of its Material Subsidiaries to do so.

(p) FAA and DOT Matters; Citizenship. (i) Maintain at all times its status at the DOT as an "air carrier" within the meaning of Section 40102(a)(2) of Title 49, and hold a certificate under Section 41102(a)(1) of Title 49; (ii) at all times hereunder be a United States Citizen; (iii) maintain at all times its status at the FAA as an air carrier and hold an air carrier operating certificate and other operating authorizations issued by the FAA pursuant to 14 C.F.R. Sections 119 and 121 as currently in effect or as may be amended or recodified from time to time; and (iv) possess and maintain all necessary certificates, exemptions, franchises, licenses, permits, designations, rights, concessions, authorizations, frequencies and consents which are material to the operation of the Slots, the Narita Routes and the Narita Slots flown by it and the conduct of its business and operations as currently conducted except in any case described in this clause (iv), where the failure to do so, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect (provided that nothing in this clause (iv) shall prohibit transactions that otherwise comply with the terms of the Collateral Documents).

SECTION 5.02. Negative Covenants. So long as any principal, interest and premiums related to any Advances and any fees hereunder shall remain unpaid or any Lender shall have any Commitment hereunder, the Borrower will not, at any time:

(a) Liens, Etc. Create, incur or assume any Lien or suffer to exist (for a period of 30 days after obtaining knowledge thereof) any Lien on or with respect to any AA Collateral whether now owned or hereafter acquired, or suffer to exist (for a period of 30 days after obtaining knowledge thereof) or file, under the Uniform Commercial Code

of any jurisdiction, a financing statement that names the Borrower as debtor in respect of any AA Collateral, or suffer to exist (for a period of 30 days after obtaining knowledge thereof) or sign, any security agreement authorizing any secured party thereunder to file such financing statement, except:

(i) Liens created under the Financing Documents; and

(ii) Permitted Liens.

(b) Consolidation, Merger, Sale of Assets, Etc. Consolidate with or merge with or into any Person, or convey, transfer or lease substantially all of its assets as an entirety to any Person, unless the following conditions are satisfied:

(i) except in the case of a merger in which the Borrower is the surviving corporation, the entity formed by such consolidation or into which the Borrower is merged, or the Person that acquires by conveyance, transfer or lease substantially all of the assets of the Borrower as an entirety, shall be a corporation organized and existing under the laws of the United States of America or any State thereof or the District of Columbia, shall be a United States Citizen, and shall execute and deliver to the Agent, an agreement, in form and substance satisfactory to the Agent, containing an assumption by such successor corporation of the due and punctual performance and observance of each obligation, covenant and condition of the Borrower under the Financing Documents;

(ii) immediately after and after giving effect to such transaction, no Default shall have occurred and be continuing, and the Net Worth of the corporation formed by such consolidation or into which the Borrower is merged, or of the Person that acquired by conveyance, transfer or lease substantially all of the assets of the Borrower as an entirety, shall not be less than 75% of the Net Worth of the Borrower prior to such consolidation, merger, conveyance, transfer or lease; and

(iii) except in the case of the merger in which the Borrower is the surviving corporation, the Borrower shall have delivered to the Agent a certificate signed by the President, a Senior Vice President or a Vice President of the Borrower, and an opinion of counsel (which may be the Borrower's General Counsel), each stating that such consolidation, merger, conveyance, transfer or lease and such assumption agreement comply with this Section, and that all conditions precedent herein provided for relating to such transaction have been complied with; provided, however, that any such opinion of counsel need not opine as to the matters set forth in clause (ii) of this Section.

Upon any consolidation or merger, or any conveyance, transfer or lease of substantially all of the assets of the Borrower as an entirety in accordance with this Section, the successor corporation formed by such consolidation or into which the Borrower 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 Borrower under the

Financing Documents with the same effect as if such successor corporation had been named as the Borrower herein. No such conveyance, transfer or lease of substantially all of the assets of the Borrower as an entirety shall have the effect of releasing the Borrower or any successor corporation that shall theretofore have become such in the manner prescribed in this Section from its liability hereunder.

(c) Sales, Etc., of AA Collateral. Sell, lease, transfer or otherwise dispose of, any AA Collateral, or grant any option or other right to purchase, lease or otherwise acquire any AA Collateral, except:

(i) (x) a sale of any AA Collateral (other than the Narita Collateral) and (y) any other transfer or disposition (including any transfer of possession, asset swaps, exchanges, interchanges or pooling of assets) or lease of the AA Collateral to the extent permitted by the Collateral Documents and Section 5.01(n) hereof, provided that, in any case, before and after giving effect to any such sale, lease, transfer or other disposition (A) no Event of Default shall have occurred and be continuing, (B) in the case of subclause (x) above, the Aggregate Collateral Value determined in accordance with the Appraisal Report most recently delivered pursuant to Section 5.01(m)(i) shall be equal to or greater than the Required Collateral Amount and (C) the Borrower shall be in compliance with the provisions of Section 5.01(n)(ii);

(ii) in a transaction authorized by Section 5.02(b); and

(iii) as otherwise consented to by the Agent (such consent not to be unreasonably withheld).

(d) Accounting Changes. Make or permit, or permit any of its Material Subsidiaries to make or permit, any change in (i) accounting policies or reporting practices, except as required or permitted by generally accepted accounting principles, or (ii) Fiscal Year.

(e) Partnerships, Etc. Become a general partner in any limited partnership, or permit any of its Material Subsidiaries to do so, except (i) to the extent the Borrower or any of such Subsidiaries shall have become a general partner in any such limited partnership prior to the Effective Date or (ii) through a special purpose entity.

(f) Payment Restrictions Affecting Subsidiaries. Directly or indirectly, enter into or suffer to exist, or permit any of its Material Subsidiaries to enter into or suffer to exist, any agreement or arrangement limiting the ability of any of its Material Subsidiaries (other than any Financing Vehicles) to declare or pay dividends or other distributions in respect of its Equity Interests or repay or prepay any Debt owed to, make loans or advances to, or otherwise transfer assets to or invest in, the Borrower or any Material Subsidiary of the Borrower (whether through a covenant restricting dividends, loans, asset transfers or investments, a financial covenant or otherwise), except (i) the Financing Documents, (ii) any agreement in effect at the time such Material Subsidiary becomes a Subsidiary of the Borrower, so long as such agreement was not entered into

solely in contemplation of such Person becoming a Subsidiary of the Borrower, (iii) applicable law (including regulatory requirements), (iv) customary provisions restricting subletting or assignment of any lease governing a leasehold interest of the Borrower or a Material Subsidiary of the Borrower, (v) customary provisions restricting assignment of any licensing agreement entered into by the Borrower or a Material Subsidiary of the Borrower in the ordinary course of business, (vi) customary provisions restricting the transfer of assets (A) subject to Liens or (B) pending disposition, (vii) provisions in charters, bylaws, stockholders agreements, partnership agreements, joint venture agreements, limited liability company agreements and other similar agreements and (viii) provisions in financing agreements customary for transactions of a similar nature with counterparties that are similarly situated with the applicable Material Subsidiary and constitute a similar credit.

SECTION 5.03. Financial Covenants. (a) Liquidity. So long as any principal, interest and premiums related to any Advances and any fees hereunder shall remain unpaid or any Lender shall have any Commitment hereunder, the Borrower will maintain at all times, for the periods indicated below, an amount of liquidity consisting of (i) unencumbered cash, (ii) unencumbered Short Term Investments and (iii) amounts available for drawing under committed revolving credit facilities which have a final maturity of at least 12 months after the date of determination, of not less than the amounts specified below for such periods:

Period Ending	Liquidity
December 31, 2004	$ 1.5 billion
March 31, 2005	$ 1.5 billion
June 30, 2005	$ 1.5 billion
September 30, 2005	$ 1.5 billion
December 31, 2005 (and each fiscal quarter thereafter)	$ 1.25 billion

(b) Cash Flow Coverage. So long as any principal, interest and premiums related to any Advances and any fees hereunder shall remain unpaid or any Lender shall have any Commitment hereunder, the Parent Guarantor will maintain, for each period indicated below, a Cash Flow Coverage Ratio for any period of four consecutive fiscal quarters of the Parent Guarantor most recently ended, of not less than the amount specified below for such period:

Period Ending	Cash Flow Coverage Ratio
December 31, 2004	0.90:1.00
March 31, 2005	0.85:1.00
June 30, 2005	0.85:1.00
September 30, 2005	0.90:1.00
December 31, 2005	1.10:1.00
March 31, 2006	1.20:1.00
June 30, 2006	1.25:1.00

September 30, 2006	1.30:1.00
December 31, 2006	1.30:1.00
March 31, 2007	1.35:1.00
June 30, 2007	1.40:1.00
September 30, 2007	1.40:1.00
December 31, 2007	1.40:1.00
March 31, 2008 (and each fiscal quarter thereafter)	1.50:1.00

ARTICLE VI

EVENTS OF DEFAULT

SECTION 6.01. Events of Default. If any of the following events ("EVENTS OF DEFAULT") shall occur and be continuing:

(a) (i) the Borrower shall fail to pay any principal of any Advance within one Business Day after the same becomes due and payable or (ii) the Borrower shall fail to pay any interest on any Advance, or any Loan Party shall fail to make any other payment under any Financing Document, in each case under this clause (ii) within five Business Days after the same shall become due and payable; or

(b) any representation or warranty made or deemed made herein by any Loan Party or under or in connection with any Financing Document, shall prove to have been false or misleading as of the time made or deemed made or furnished in any material respect; or

(c) the Borrower shall default in the performance of any covenant contained in Section 2.15, 5.01(a)(i), 5.01(a)(ii), 5.01(a)(iii), 5.01(a)(iv), 5.01(a)(v), 5.01(a)(vi), 5.01(a)(vii), 5.01(b)(i), 5.01(m), 5.01(n), 5.02(a), 5.02(b), 5.02(c) or 5.03; provided that no failure to deliver Appraisal Reports pursuant to Section 5.01(m) shall constitute an Event of Default hereunder for a period of 5 Business Days after the same shall become due if the Appraiser in respect of such Appraisal Reports ceases or is unable prior to such time to provide such Appraisal Reports; or

(d) any Loan Party shall fail to perform or observe any other term, covenant or agreement contained in any Financing Document (other than as specified elsewhere in this Section 6.01) on its part to be performed or observed if such failure shall remain unremedied for 30 days after the earlier of the date on which (i) any Responsible Officer of a Loan Party becomes aware of such failure or (ii) written notice thereof shall have been given to the Borrower by the Agent or any Lender; or

(e) the Borrower or any of its Subsidiaries or the Parent Guarantor shall fail to pay any principal of, premium or interest on any Debt of the Borrower, such Subsidiary or the Parent Guarantor (as the case may be) that is outstanding in a principal amount (or, in the case of any Hedge Agreement, an Agreement Value) of at least $40,000,000 either individually or in the aggregate for all of the Borrower, such Subsidiaries and the Parent

Guarantor (but excluding Debt outstanding hereunder), when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Debt; or by virtue of (i) non-compliance by the Borrower, any of its Subsidiaries or the Parent Guarantor with any of its obligations under documents, agreements or instruments in respect of such Debt or (ii) the occurrence of a change of control (or similar event) in respect of the Borrower or the Parent Guarantor, any other event shall occur or condition shall exist under any agreement or instrument relating to any such Debt and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such event or condition is to accelerate, or to permit the acceleration of, the maturity of such Debt or otherwise to cause, or to permit the holder thereof to cause, such Debt to mature; or by virtue of (i) non-compliance by the Borrower, any of its Subsidiaries or the Parent Guarantor with any of its obligations under documents, agreements or instruments in respect of such Debt or (ii) the occurrence of a change of control (or similar event) in respect of the Borrower or the Parent Guarantor, any such Debt shall be declared to be due and payable or required to be prepaid or redeemed (other than by a regularly scheduled required prepayment or redemption), purchased or defeased, or an offer to prepay, redeem, purchase or defease such Debt shall be required to be made, in each case prior to the stated maturity thereof; or

(f) the Borrower or any of its Material Subsidiaries or the Parent Guarantor shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against the Borrower or any of its Material Subsidiaries or the Parent Guarantor seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against it (but not instituted by it) that is being diligently contested by it in good faith, either such proceeding shall remain undismissed or unstayed for a period of 30 days or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, it or any substantial part of its property) shall occur; or the Borrower or any of its Material Subsidiaries or the Parent Guarantor shall take any corporate action to authorize any of the actions set forth above in this subsection (f); or

(g) a judgment or order for the payment of money in excess of $25,000,000 shall be rendered against the Borrower, any of its Subsidiaries or the Parent Guarantor and such judgment or order shall continue unsatisfied and unstayed for a period of 30 days; or

(h) any Financing Document after delivery thereof pursuant to Section 3.01 or 5.01(n) shall for any reason cease to be valid and binding on or enforceable in any

material respect against any Loan Party party to it, or any such Loan Party shall so state in writing; or

(i) any Collateral Document or financing statement after delivery thereof pursuant to Section 3.01 or 5.01(n) shall for any reason (other than (x) pursuant to the terms thereof or (y) as a result of any action or failure to act by the Agent in respect of such Collateral Document or financing statement) cease to create a valid and perfected first priority lien on and security interest in the Collateral purported to be covered thereby (subject only to Permitted Liens); or

(j) a Change of Control shall occur; or

(k) any member of the ERISA Group shall fail to pay when due an amount or amounts aggregating in excess of $25,000,000 which it shall have become liable to pay under Title IV of ERISA; or notice of intent to terminate a Material Plan shall be filed under Title IV of ERISA by any member of the ERISA Group, any plan administrator or any combination of the foregoing; or the PBGC shall institute proceedings under Title IV of ERISA to terminate, to impose liability (other than for premiums under Section 4007 of ERISA) in respect of, or to cause a trustee to be appointed to administer, any Material Plan; or a condition shall exist under Section 4042(a)(1), (2) or (3) of ERISA (but not Section 4042(a)(4) of ERISA) by reason of which the PBGC would be entitled to obtain a decree adjudicating that any Material Plan must be terminated; or there shall occur a complete or partial withdrawal from, or a default, within the meaning of Section 4219(c)(5) of ERISA, with respect to, one or more Multiemployer Plans which could cause one or more members of the ERISA Group to incur a current payment obligation in excess of $25,000,000; or

(l) the Borrower shall fail to carry and maintain insurance on or with respect to the Aircraft in accordance with the provisions of Section 5.06 of the Aircraft Security Agreement; provided that, in the case of insurance with respect to which cancellation, change or lapse for nonpayment of premium shall not be effective as to the Agent or any Lender for 30 days (seven days, or such other period as may from time to time be customarily obtainable in the industry, in the case of any war risk and allied perils coverage) after receipt of notice by the Agent or such Lender of such cancellation, change or lapse, 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 20 days (five days in the case of any war risk and allied perils coverage) after receipt by the Agent or such Lender of the notice of cancellation, change or lapse referred to in such Section 5.06, or (ii) the date on which such insurance is not in effect as to the Agent or any Lender; or

(m) any Loan Party shall operate any Aircraft at a time when public liability insurance required by Section 5.06(a) of the Aircraft Security Agreement shall not be in effect; or

(n) the Borrower shall fail to perform any term, covenant or agreement contained in (x) Article V of the Aircraft Security Agreement (other than

Sections 5.02(b), 5.03, 5.05(a), 5.05(b), 5.06(a), 5.06(b), 5.06(c), 5.06(d) and 5.08 thereof), (y) Article IX of the Aircraft Security Agreement or (z) the SGR Security Agreement (other than Section 12 thereof) if such failure shall remain unremedied for 30 days after the earlier of the date on which (i) any Responsible Officer of the Borrower becomes aware of such failure or (ii) written notice thereof shall have been given to the Borrower by the Agent or any Lender; provided that if such failure is capable of being remedied, no such failure shall constitute an Event of Default hereunder for a period of 90 days after the earlier of any Responsible Officer becoming aware of any such failure or such written notice so long as the Borrower is diligently proceeding to remedy such failure;

then, and in any such event, the Agent (i) shall at the request, or may with the consent, of the Required Lenders, by notice to the Borrower, terminate the Commitments, whereupon the same shall forthwith terminate, and (ii) shall at the request, or may with the consent, of the Required Lenders, by notice to the Borrower, declare the Advances, all interest thereon and all other amounts payable under this Agreement and the other Financing Documents to be forthwith due and payable, whereupon the Advances, all such interest and all such amounts shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrower; provided, however, that, in the event of an actual or deemed entry of an order for relief with respect to the Borrower under the Federal Bankruptcy Code, (A) the Commitments shall automatically be terminated and (B) the Advances, all such interest and all such amounts shall automatically become and be due and payable, without presentment, demand, protest or any notice of any kind, all of which are hereby expressly waived by the Borrower.

ARTICLE VII

PARENT GUARANTY

SECTION 7.01. Guaranty. (a) The Parent Guarantor hereby absolutely, unconditionally and irrevocably guarantees the punctual payment when due, whether at scheduled maturity or on any date of a required prepayment or by acceleration, demand or otherwise, of all Obligations of the Borrower now or hereafter existing under or in respect of the Financing Documents (including, without limitation, any extensions, modifications, substitutions, amendments or renewals of any or all of the foregoing Obligations), whether direct or indirect, absolute or contingent, and whether for principal, interest, premiums, if any, fees, indemnities, contract causes of action, costs, expenses or otherwise (such Obligations being the "GUARANTEED OBLIGATIONS"), and agrees to pay any and all expenses (including, without limitation, reasonable fees and expenses of counsel) incurred by the Agent or any other Secured Party in enforcing any rights under this Parent Guaranty or any other Financing Document. Without limiting the generality of the foregoing, the Parent Guarantor's liability shall extend to all amounts that constitute part of the Guaranteed Obligations and would be owed by the Borrower to any Secured Party under or in respect of the Financing Documents but for the fact that they are unenforceable or not allowable due to the existence of a bankruptcy, reorganization or similar proceeding involving the Borrower.

(b) The Parent Guarantor hereby unconditionally and irrevocably agrees that in the event any payment shall be required to be made to any Secured Party under this Parent Guaranty or any other guaranty, the Parent Guarantor will contribute, to the maximum extent permitted by law, such amounts to each other guarantor so as to maximize the aggregate amount paid to the Secured Parties under or in respect of the Financing Documents.

SECTION 7.02. Guaranty Absolute. The Parent Guarantor guarantees that the Guaranteed Obligations will be paid strictly in accordance with the terms of the Financing Documents, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of any Secured Party with respect thereto. The Obligations of the Parent Guarantor under or in respect of this Parent Guaranty are independent of the Guaranteed Obligations or any other Obligations of the Borrower under or in respect of the Financing Documents, and a separate action or actions may be brought and prosecuted against the Parent Guarantor to enforce this Parent Guaranty, irrespective of whether any action is brought against the Borrower or any other Loan Party or whether the Borrower is joined in any such action or actions. The liability of the Parent Guarantor under this Parent Guaranty shall be irrevocable, absolute and unconditional irrespective of, and, to the extent permitted by law, the Parent Guarantor hereby irrevocably waives any defenses it may now have or hereafter acquire in any way relating to, any or all of the following:

(a) any lack of validity or enforceability of any Financing Document or any agreement or instrument relating thereto;

(b) any change in the time, manner or place of payment of, or in any other term of, all or any of the Guaranteed Obligations or any other Obligations of the Borrower under or in respect of the Financing Documents, or any other amendment or waiver of or any consent to departure from any Financing Document, including, without limitation, any increase in the Guaranteed Obligations resulting from the extension of additional credit to the Borrower or any of its Subsidiaries or otherwise;

(c) any taking, exchange, release or non-perfection of any Collateral or any other collateral, or any taking, release or amendment or waiver of, or consent to departure from, any other guaranty, for all or any of the Guaranteed Obligations;

(d) any manner of application of Collateral or any other collateral, or proceeds thereof, to all or any of the Guaranteed Obligations, or any manner of sale or other disposition of any Collateral or any other collateral for all or any of the Guaranteed Obligations or any other Obligations of the Borrower under the Financing Documents or any other assets of the Borrower or any of its Subsidiaries;

(e) any change, restructuring or termination of the corporate structure or existence of the Borrower or any of its Subsidiaries;

(f) any failure of any Secured Party to disclose to any Loan Party any information relating to the business, condition (financial or otherwise), operations, performance, properties or prospects of any other Loan Party now or hereafter known to

such Secured Party (the Parent Guarantor waiving any duty on the part of the Secured Parties to disclose such information);

(g) the failure of any other Person to execute or deliver any other guaranty or agreement or the release or reduction of liability of any other guarantor or surety with respect to the Guaranteed Obligations; or

(h) any other circumstance (including, without limitation, any statute of limitations) or any existence of or reliance on any representation by any Secured Party that might otherwise constitute a defense available to, or a discharge of, any Loan Party or any other guarantor or surety, except to the extent the Guaranteed Obligations and all other amounts payable under this Parent Guaranty shall have been paid in full in cash.

This Parent Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Guaranteed Obligations is rescinded or must otherwise be returned by any Secured Party or any other Person upon the insolvency, bankruptcy or reorganization of the Borrower or any other Loan Party or otherwise, all as though such payment had not been made.

SECTION 7.03. Waivers and Acknowledgments. (a) The Parent Guarantor hereby unconditionally and irrevocably waives promptness, diligence, notice of acceptance, presentment, demand for performance, notice of nonperformance, default, acceleration, protest or dishonor and any other notice with respect to any of the Guaranteed Obligations and this Parent Guaranty and any requirement that any Secured Party protect, secure, perfect or insure any Lien or any property subject thereto or exhaust any right or take any action against any Loan Party or any other Person or any Collateral.

(b) The Parent Guarantor hereby unconditionally and irrevocably waives any right to revoke this Parent Guaranty and acknowledges that this Parent Guaranty is continuing in nature and applies to all Guaranteed Obligations, whether existing now or in the future.

(c) The Parent Guarantor hereby unconditionally and irrevocably waives (i) any defense arising by reason of any claim or defense based upon an election of remedies by any Secured Party that in any manner impairs, reduces, releases or otherwise adversely affects the subrogation, reimbursement, exoneration, contribution or indemnification rights of the Parent Guarantor or other rights of the Parent Guarantor to proceed against the Borrower, any other guarantor or any other Person or any Collateral and (ii) any defense based on any right of set-off or counterclaim against or in respect of the Obligations of the Parent Guarantor hereunder.

(d) The Parent Guarantor acknowledges that the Agent may, without notice to or demand upon the Parent Guarantor and without affecting the liability of the Parent Guarantor under this Parent Guaranty, foreclose under any mortgage by nonjudicial sale, and the Parent Guarantor hereby waives any defense to the recovery by the Agent and the other Secured Parties against the Parent Guarantor of any deficiency after such nonjudicial sale and any defense or benefits that may be afforded by applicable law.

(e) The Parent Guarantor hereby unconditionally and irrevocably waives any duty on the part of any Secured Party to disclose to the Parent Guarantor any matter, fact or thing

relating to the business, condition (financial or otherwise), operations, performance, properties or prospects of any other Loan Party or any of its Subsidiaries now or hereafter known by such Secured Party.

(f) The Parent Guarantor acknowledges that it will receive substantial direct and indirect benefits from the financing arrangements contemplated by the Financing Documents and that the waivers set forth in Section 7.02 and this Section 7.03 are knowingly made in contemplation of such benefits.

SECTION 7.04. Subrogation. The Parent Guarantor hereby unconditionally and irrevocably agrees not to exercise any rights that it may now have or hereafter acquire against the Borrower or any other insider guarantor that arise from the existence, payment, performance or enforcement of the Parent Guarantor's Obligations under or in respect of this Parent Guaranty or any other Financing Document, including, without limitation, any right of subrogation, reimbursement, exoneration, contribution or indemnification and any right to participate in any claim or remedy of any Secured Party against the Borrower or any other insider guarantor or any Collateral, whether or not such claim, remedy or right arises in equity or under contract, statute or common law, including, without limitation, the right to take or receive from the Borrower or any other insider guarantor, directly or indirectly, in cash or other property or by set-off or in any other manner, payment or security on account of such claim, remedy or right, unless and until all of the Guaranteed Obligations and all other amounts payable under this Parent Guaranty shall have been paid in full in cash and the Commitments shall have expired or been terminated. If any amount shall be paid to the Parent Guarantor in violation of the immediately preceding sentence at any time prior to the later of (a) the payment in full in cash of the Guaranteed Obligations and all other amounts payable under this Parent Guaranty and (b) the Termination Date, such amount shall be received and held in trust for the benefit of the Secured Parties, shall be segregated from other property and funds of the Parent Guarantor and shall forthwith be paid or delivered to the Agent in the same form as so received (with any necessary endorsement or assignment) to be credited and applied to the Guaranteed Obligations and all other amounts payable under this Parent Guaranty, whether matured or unmatured, in accordance with the terms of the Financing Documents, or to be held as Collateral for any Guaranteed Obligations or other amounts payable under this Parent Guaranty thereafter arising. If (i) the Parent Guarantor shall make payment to any Secured Party of all or any part of the Guaranteed Obligations, (ii) all of the Guaranteed Obligations and all other amounts payable under this Parent Guaranty shall have been paid in full in cash and (iii) the Termination Date shall have occurred, the Secured Parties will, at the Parent Guarantor's request and expense, execute and deliver to the Parent Guarantor appropriate documents, without recourse and without representation or warranty, necessary to evidence the transfer by subrogation to the Parent Guarantor of an interest in the Guaranteed Obligations resulting from such payment made by the Parent Guarantor pursuant to this Parent Guaranty.

SECTION 7.05. Continuing Guaranty; Assignments. This Parent Guaranty is a continuing guaranty and shall (a) remain in full force and effect until the latest of (i) the payment in full in cash of the Guaranteed Obligations and all other amounts payable under this Parent Guaranty and (ii) the Termination Date, (b) be binding upon the Parent Guarantor, its successors and assigns and (c) inure to the benefit of and be enforceable by the Secured Parties and their successors, transferees and assigns. Without limiting the generality of clause (c) of the

immediately preceding sentence, any Secured Party may assign or otherwise transfer all or any portion of its rights and obligations under this Agreement (including, without limitation, all or any portion of its Commitments, the Advances owing to it and the Note or Notes held by it) to any other Person as permitted pursuant to Section 9.07, and such other Person shall thereupon become vested with all the benefits in respect thereof granted to such Secured Party herein or otherwise, in each case as and to the extent provided in Section 9.07. The Parent Guarantor shall not have the right to assign its rights hereunder or any interest herein without the prior written consent of the Secured Parties.

ARTICLE VIII

THE AGENT

SECTION 8.01. Authorization and Action. (a) Each Lender hereby appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers and discretion under this Agreement and the other Financing Documents as are delegated to the Agent by the terms hereof, together with such powers and discretion as are reasonably incidental thereto. As to any matters not expressly provided for by the Financing Documents, the Agent shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of the Required Lenders, and such instructions shall be binding upon all Lenders; provided, however, that the Agent shall not be required to take any action that exposes the Agent to personal liability or that is contrary to this Agreement or applicable law. The Agent agrees to give to each Lender prompt notice of each notice given to it by the Borrower pursuant to the terms of this Agreement.

(a) In furtherance of the foregoing, each Lender hereby appoints and authorizes the Agent to act as the agent of such Lender for purposes of acquiring, holding and enforcing any and all Liens on Collateral granted by any of the Loan Parties to secure any of the Secured Obligations, together with such powers and discretion as are reasonably incidental thereto. In this connection, the Agent (and any Supplemental Agents appointed by the Agent pursuant to Section 8.01(c) for purposes of holding or enforcing any Lien on the Collateral (or any portion thereof) granted under the Collateral Documents, or for exercising any rights or remedies thereunder at the direction of the Agent), shall be entitled to the benefits of this Article VIII (including, without limitation, Section 8.05 as though such Supplemental Agents were an "Agent" under the Financing Documents) as if set forth in full herein with respect thereto.

(b) The Agent may execute any of its duties under this Agreement or any other Financing Document (including for purposes of holding or enforcing any Lien on the Collateral (or any portion thereof) granted under the Collateral Documents or of exercising any rights and remedies thereunder at the direction of the Agent) by or through agents, employees or attorneys-in-fact and shall be entitled to advice of counsel and other consultants or experts concerning all matters pertaining to such duties. The Agent may also from time to time, when the Agent deems it to be necessary or desirable, appoint one or more trustees, co-trustees, collateral co-agents, collateral subagents or attorneys-in-fact (each, a "SUPPLEMENTAL AGENT") with respect to all or any part of the Collateral; provided, however, that no such Supplemental Agent shall be authorized to take any action with respect to any Collateral unless and except to

the extent expressly authorized in writing by the Agent. Should any instrument in writing from the Borrower or any other Loan Party be required by any Supplemental Agent so appointed by the Agent to more fully or certainly vest in and confirm to such Supplemental Agent such rights, powers, privileges and duties, the Borrower shall, or shall cause such Loan Party to, execute, acknowledge and deliver any and all such instruments promptly upon request by the Agent. If any Supplemental Agent, or successor thereto, shall die, become incapable of acting, resign or be removed, all rights, powers, privileges and duties of such Supplemental Agent, to the extent permitted by law, shall automatically vest in and be exercised by the Agent until the appointment of a new Supplemental Agent. The Agent shall not be responsible for the negligence or misconduct of any agent, attorney-in-fact or Supplemental Agent that it selects in accordance with the foregoing provisions of this Section 8.01(c) in the absence of the Agent's gross negligence or willful misconduct.

SECTION 8.02. Agent's Reliance, Etc. Neither the Agent nor any of its directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by it or them under or in connection with the Financing Documents, except for its or their own gross negligence or willful misconduct. Without limitation of the generality of the foregoing, the Agent: (i) may treat the payee of any Note as the holder thereof until, in the case of the Agent, the Agent receives and accepts an Assignment and Acceptance entered into by the Lender that is the payee of such Note, as an assignor, and an Eligible Assignee, as assignee; (ii) may consult with legal counsel (including counsel for any Loan Party), independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts; (iii) makes no warranty or representation to any Lender and shall not be responsible to any Lender for any statements, warranties or representations (whether written or oral) made in or in connection with the Financing Documents; (iv) shall not have any duty to ascertain or to inquire as to the performance, observance or satisfaction of any of the terms, covenants or conditions of any Financing Document on the part of any Loan Party or the existence at any time of any Default under the Financing Documents or to inspect the property (including the books and records) of any Loan Party; (v) shall not be responsible to any Lender for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of, or the perfection or priority of any lien or security interest created or purported to be created under or in connection with, any Financing Document or any other instrument or document furnished pursuant hereto; and (vi) shall incur no liability under or in respect of any Financing Document by acting upon any notice, consent, certificate or other instrument or writing (which may be by telecopier, telegram or telex) believed by it to be genuine and signed or sent by the proper party or parties.

SECTION 8.03. CUSA and Affiliates. With respect to its Commitments, the Advances made by it and the Notes issued to it, CUSA and its Affiliates shall have the same rights and powers under the Financing Documents as any other Lender and may exercise the same as though it were not an Agent; and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated, include CUSA in its individual capacity. CUSA and its respective affiliates may accept deposits from, lend money to, act as trustee under indentures of, accept investment banking engagements from and generally engage in any kind of business with, any Loan Party, any of its Subsidiaries and any Person that may do business with or own securities of any Loan Party or any such Subsidiary, all as if CUSA were not an Agent and without any duty to account therefor to the Lenders. The Agent shall not have any duty to disclose any information obtained

or received by it or any of its Affiliates relating to any Loan Party or any of its Subsidiaries to the extent such information was obtained or recorded in any capacity other than as Agent.

SECTION 8.04. Lender Credit Decision. Each Lender acknowledges that it has, independently and without reliance upon the Agent or any other Lender and based on the financial statements referred to in Section 4.01 or 4.02 and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Agent or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement.

SECTION 8.05. Indemnification. (a) Each Lender severally agrees to indemnify the Agent (to the extent not reimbursed by the Borrower), from and against such Lender's ratable share (determined as provided below) of any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever that may be imposed on, incurred by, or asserted against the Agent in any way relating to or arising out of the Financing Documents or any action taken or omitted by the Agent under the Financing Documents (collectively, the "INDEMNIFIED COSTS"); provided that no Lender shall be liable for any portion of the Indemnified Costs resulting from the Agent's gross negligence or willful misconduct as found in a final, non-appealable judgment by a court of competent jurisdiction. Without limitation of the foregoing, each Lender agrees to reimburse the Agent promptly upon demand for its ratable share of any costs and expenses (including, without limitation, fees and expenses of counsel) incurred by the Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, to the extent that the Agent is not reimbursed for such expenses by the Borrower. In the case of any investigation, litigation or proceeding giving rise to any Indemnified Costs, this Section 8.05 applies whether any such investigation, litigation or proceeding is brought by the Agent, any Lender or any other Person.

(b) For purposes of this Section 8.05, the Lenders' respective ratable shares of any amount shall be determined, at any time, according to the sum of (i) the aggregate principal amount of the Advances outstanding at such time and owing to the respective Lenders and (ii) their respective unused Revolving Credit Commitments at such time. The failure of any Lender to reimburse the Agent promptly upon demand for its ratable share of any amount required to be paid by the Lenders to the Agent, as provided herein shall not relieve any other Lender of its obligation hereunder to reimburse the Agent for its ratable share of such amount, but no Lender shall be responsible for the failure of any other Lender to reimburse the Agent for such other Lender's ratable share of such amount. Without prejudice to the survival of any other agreement of any Lender hereunder, the agreement and obligations of each Lender contained in this Section 8.05 shall survive the payment in full of principal, interest and all other amounts payable hereunder and under the other Financing Documents.

SECTION 8.06. Successor Agent. The Agent may resign at any time by giving written notice thereof to the Lenders and the Borrower and may be removed at any time with or without cause by the Required Lenders. Upon any such resignation or removal, the Required

Lenders shall have the right to appoint a successor Agent, which shall be a commercial bank organized or licensed under the laws of the United States of America or of any State thereof and having a combined capital and surplus of at least $1,000,000,000. If no successor Agent shall have been so appointed by the Required Lenders, and shall have accepted such appointment, within 30 days after the retiring Agent's giving of notice of resignation or the Required Lenders' removal of the retiring Agent, then the retiring Agent may, on behalf of the Lenders, appoint a successor Agent, which shall be a commercial bank organized or licensed under the laws of the United States of America or of any State thereof and having a combined capital and surplus of at least $1,000,000,000. Upon the acceptance of any appointment as Agent hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights, powers, discretion, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations under this Agreement. After any retiring Agent's resignation or removal hereunder as Agent, the provisions of this Article VIII shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Agreement. If within 45 days after written notice is given of the retiring Agent's resignation or removal under this Section 8.06 no successor Agent shall have been appointed and shall have accepted such appointment, then on such 45th day (a) the retiring Agent's resignation or removal shall become effective, (b) the retiring Agent shall thereupon be discharged from its duties and obligations under the Financing Documents and (c) the Required Lenders shall thereafter perform all duties of the retiring Agent under the Financing Documents until such time, if any, as the Required Lenders appoint a successor Agent as provided above.

ARTICLE IX

MISCELLANEOUS

SECTION 9.01. Amendments, Etc. No amendment or waiver of any provision of this Agreement or the Notes, nor consent to any departure by any Loan Party therefrom, shall in any event be effective unless the same shall be in writing and signed (or, in the case of the Collateral Documents, consented to) by the Required Lenders, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that (a) no amendment, waiver or consent shall, unless in writing and signed by all the Lenders (other than any Lender that is, at such time, a Defaulting Lender), do any of the following at any time: (i) waive any of the conditions specified in Section 3.01, or, in the case of the Initial Extension of Credit, Section 3.02, (ii) change the number of Lenders or the percentage of (x) the Commitments or (y) the aggregate unpaid principal amount of the Advances that, in each case, shall be required for the Lenders or any of them to take any action hereunder, (iii) reduce or limit the obligations of the Parent Guarantor under Section 7.01 hereof or release the Parent Guarantor or otherwise limit the Parent Guarantor's liability with respect to the Obligations owing to the Agent and the Lenders, (iv) release all or substantially all of the Collateral in any transaction or series of related transactions or permit the creation, incurrence, assumption or existence of any Lien on all or substantially all of the Collateral in any transaction or series of related transactions to secure any Obligations other than Obligations owing to the Secured Parties under the Financing Documents, or (v) amend Section 2.13 or this Section 9.01, (b) no amendment, waiver or consent shall, unless in writing and signed by all Lenders (other than any Lender that is, at such time, a Defaulting Lender), (i) amend the definitions of "Aggregate Collateral Value", "Aircraft Value", "Cash Collateral Value", "Aircraft", "Eligible

Aircraft", "Eligible Cash Collateral" or "Required Collateral Amount" and (ii) amend Section 5.01(m) or Section 5.01(n), and (c) no amendment, waiver or consent shall, unless in writing and signed by the Required Lenders and each Lender (other than any Lender that is, at such time, a Defaulting Lender) that has a Commitment under, or is owed any amounts under or in respect of, the Term Facility or the Revolving Credit Facility if such Lender is directly affected by such amendment, waiver or consent, (i) increase the Commitments of such Lender, (ii) reduce the principal of, or interest on, the Advances held by such Lender or any fees or other amounts payable hereunder to such Lender, (iii) postpone any date fixed for any payment of principal of, or interest on, the Advances held by such Lender or any fees or other amounts payable hereunder to such Lender or (iv) postpone any date fixed for the reduction of the Commitments of any Lender; provided further that no amendment, waiver or consent shall, unless in writing and signed by the Agent in addition to the Lenders required above to take such action, affect the rights or duties of the Agent under this Agreement or the other Financing Documents.

SECTION 9.02. Notices, Etc. (a) (a) All notices and other communications provided for hereunder shall be either (x) in writing (including telecopier, telegraphic or telex communication) and mailed, telecopied, telegraphed, telexed or delivered or (y) as and to the extent set forth in Section 9.02(b) and in the proviso to this Section 9.02(a), if to the Borrower, at its address at 4333 Amon Carter Boulevard, Fort Worth, Texas 76155, Attention: Vice President - Corporate Development and Treasurer (telecopy: (817) 967-4318); if to the Parent Guarantor, at its address at 4333 Amon Carter Boulevard, Fort Worth, Texas 76155, Attention: Chief Financial Officer (telecopy: (817) 967-4318); if to any Initial Lender, at its Domestic Lending Office specified opposite its name on Schedule I hereto; if to any other Lender, at its Domestic Lending Office specified in the Assignment and Acceptance pursuant to which it became a Lender; and if to the Agent, at its address at Two Penns Way, Suite 110, New Castle, Delaware 19720, Attention: Bank Loan Syndications Department, Elizabeth Wier (telecopy: (212) 994-0961); or, as to the Borrower, the Parent Guarantor or the Agent, at such other address as shall be designated by such party in a written notice to the other parties and, as to each other party, at such other address as shall be designated by such party in a written notice to the Borrower and the Agent, provided that materials required to be delivered pursuant to Section 5.01(a)(i), (ii), (iv), (v) and (xi) shall be delivered to the Agent as specified in Section 9.02(b) or as otherwise specified to the Borrower or the Parent Guarantor by the Agent. All such notices and communications shall, when mailed, telecopied, telegraphed or e-mailed, be effective when deposited in the mails, telecopied, delivered to the telegraph company or confirmed by e-mail, respectively, except that notices and communications to the Agent pursuant to Article II, III or VIII shall not be effective until received by the Agent. Delivery by telecopier of an executed counterpart of any amendment or waiver of any provision of this Agreement or the Notes or of any Exhibit hereto to be executed and delivered hereunder shall be effective as delivery of a manually executed counterpart thereof.

(b) Each of the Borrower and the Parent Guarantor hereby agrees that it will provide to the Agent all information, documents and other materials that it is obligated to furnish to the Agent pursuant to the Financing Documents, including, without limitation, all notices, requests, financial statements, financial and other reports, certificates and other information materials, but excluding any such communication that (i) relates to a request for a new, or a Conversion of an existing Borrowing or other extension of credit (including any election of an interest rate or interest period relating thereto), (ii) relates to the payment of any principal or

other amount due under the Financing Documents prior to the scheduled date therefor, (iii) provides notice of any Default or Event of Default under the Financing Documents or (iv) is required to be delivered to satisfy any condition precedent to the effectiveness of the Financing Documents and/or any Borrowing or other extension of credit thereunder (all such non-excluded communications being referred to herein collectively as "COMMUNICATIONS"), by transmitting the Communications in an electronic/soft medium in a format reasonably acceptable to the Agent to oploanswebadmin@citigroup.com. In addition, the Borrower and the Parent Guarantor agree to continue to provide the Communications to the Agent in the manner specified in the Financing Documents but only to the extent reasonably requested by the Agent.

(c) The Borrower and the Parent Guarantor further agree that the Agent may make the Communications available to the Lenders by posting the Communications on Intralinks or a substantially similar electronic transmission systems (the "PLATFORM").

(d) THE PLATFORM IS PROVIDED "AS IS" AND "AS AVAILABLE". THE AGENT PARTIES (AS DEFINED BELOW) DO NOT WARRANT THE ACCURACY OR COMPLETENESS OF THE COMMUNICATIONS, OR THE ADEQUACY OF THE PLATFORM AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS OR OMISSIONS IN THE COMMUNICATIONS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS, IS MADE BY THE AGENT PARTIES IN CONNECTION WITH THE COMMUNICATIONS OR THE PLATFORM. IN NO EVENT SHALL THE AGENT OR ANY OF ITS AFFILIATES OR ANY OF THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, ADVISORS OR REPRESENTATIVES (COLLECTIVELY, "AGENT PARTIES") HAVE ANY LIABILITY TO THE BORROWER, THE PARENT GUARANTOR ANY LENDER OR ANY OTHER PERSON OR ENTITY FOR DAMAGES OF ANY KIND, including, without limitation, direct or indirect, special, incidental or consequential damages, losses or expenses (WHETHER IN TORT, CONTRACT OR OTHERWISE) ARISING OUT OF THE BORROWER'S, THE PARENT GUARANTOR'S OR THE AGENT'S TRANSMISSION OF COMMUNICATIONS THROUGH THE INTERNET, EXCEPT TO THE EXTENT THE LIABILITY OF ANY AGENT PARTY IS FOUND BY A COURT OF COMPETENT JURISDICTION TO HAVE RESULTED PRIMARILY FROM SUCH AGENT PARTY'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.

(e) The Agent agrees that the receipt of the Communications by the Agent at its e-mail address set forth above shall constitute effective delivery of the Communications to the Agent for purposes of the Financing Documents. Each Lender agrees that notice to it (as provided in the next sentence) specifying that the Communications have been posted to the Platform shall constitute effective delivery of the Communications to such Lender for purposes of the Financing Documents. Each Lender agrees (i) to notify the Agent in writing (including by electronic communication) from time to time of such Lender's e-mail address to which the foregoing notice may be sent by electronic transmission and (ii) that the foregoing notice may be sent to such e-mail address.

(f) Nothing herein shall prejudice the right of the Agent or any Lender to give any notice or other communication pursuant to any Financing Document in any other manner specified in such Financing Document.

SECTION 9.03. No Waiver; Remedies. No failure on the part of any Lender or the Agent to exercise, and no delay in exercising, any right hereunder or under any Note shall operate as a waiver thereof; nor shall any single or partial exercise of any such right 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 9.04. Costs and Expenses. (a) The Borrower agrees to pay on demand all reasonable costs and expenses of the Agent in connection with the preparation, execution, delivery, modification and amendment of the Financing Documents and the other documents to be delivered hereunder, including, without limitation, (A) all due diligence, collateral review, syndication (including printing, distribution and bank meetings), transportation, computer, duplication, appraisal, insurance obtained by any Lender in accordance with the Collateral Documents, consultant search, filing and recording fees, and audit expenses and (B) the reasonable fees and expenses of counsel for the Agent with respect thereto and with respect to advising the Agent as to its rights and responsibilities under the Financing Documents, with respect to negotiations with any Loan Party or with other creditors of any Loan Party or any of its Subsidiaries arising out of any Event of Default or any Default that is not reasonably likely to be cured within the applicable grace period and with respect to presenting claims in or otherwise participating in or monitoring any bankruptcy or insolvency relating to any Loan Party or any of its Material Subsidiaries as a debtor (or other similar proceeding involving creditors' rights generally and any proceeding ancillary thereto in respect of any Loan Party or any of its Material Subsidiaries) and (ii) all costs and expenses of the Agent and each Lender in connection with the enforcement of the Financing Documents, whether in any action, suit or litigation, or any bankruptcy, insolvency or other similar proceeding affecting creditors' rights generally (including, without limitation, the reasonable fees and expenses of counsel for the Agent and each Lender with respect thereto) in respect of such Financing Documents.

(b) The Borrower agrees to indemnify and hold harmless the Agent, each Lead Arranger, the Syndication Agent and each Lender and each of their Affiliates and their officers, directors, employees, agents and advisors (each, an "INDEMNIFIED PARTY") from and against any and all claims, damages, losses, liabilities and expenses (including, without limitation, reasonable fees and expenses of counsel) that may be incurred by or asserted or awarded against any Indemnified Party, in each case arising out of or in connection with or by reason of (including, without limitation, in connection with any investigation, litigation or proceeding or preparation of a defense in connection therewith) this Agreement and the other Financing Documents, any of the transactions contemplated hereby or thereby or the actual or proposed use of the proceeds of the Advances, or the actual or alleged presence of Hazardous Materials on any property of the Borrower or any of its Subsidiaries or the Parent Guarantor or any Environmental Action relating in any way to the Borrower or any of its Subsidiaries or the Parent Guarantor except to the extent such claim, damage, loss, liability or expense is found by a court of competent jurisdiction to have resulted from such Indemnified Party's gross negligence or willful misconduct; provided the Borrower shall have no liability in respect of any tax imposed with respect to this Agreement or any transaction hereunder or thereunder except as

specifically provided for in Section 2.12, and provided further that the indemnity in this Section 9.04(b) shall not cover any claims, damages, losses, liabilities and expenses arising primarily out of the Aircraft Security Agreement or relating to the Aircraft, all of which shall be covered solely to the extent provided in Section 5.08 of the Aircraft Security Agreement. In the case of an investigation, litigation or other proceeding to which the indemnity in this Section 9.04(b) applies, such indemnity shall be effective whether or not such investigation, litigation or proceeding is brought by any Loan Party, its directors or its equityholders or creditors, whether or not any Indemnified Party is a party thereto and whether or not the transactions contemplated hereby are consummated. The Agent, each of its Affiliates and their officers, directors, employees, agents and advisors agree to provide the Borrower with ten Business Days' notice prior to the settlement of any claim under this Section 9.04(b); and each other Indemnified Party agrees to consult with the Borrower prior to the settlement of any claim under this Section 9.04(b). The Borrower also agrees not to assert any claim against the Agent, any Lead Arranger, the Syndication Agent, any Lender, any of their Affiliates, or any of their respective directors, officers, employees, attorneys and agents, on any theory of liability, for special, indirect, consequential or punitive damages (including, without limitation, any loss of profits, business or anticipated savings) relating to the Facilities, the actual or proposed use of the proceeds of the Advances, the Financing Documents or any of the transactions contemplated by the Financing Documents.

(c) If any payment of principal of, or Conversion of, any Eurodollar Rate Advance is made by the Borrower to or for the account of a Lender other than on the last day of the Interest Period for such Advance, as a result of a payment or Conversion pursuant to Section 2.05, 2.07 or 2.09, acceleration of the Advances pursuant to Section 6.01 or for any other reason or by an Eligible Assignee to a Lender other than on the last day of the Interest Period for such Advance upon an assignment of rights and obligations under this Agreement pursuant to Section 9.07 as a result of a demand by the Borrower pursuant to Section 9.07(a), the Borrower shall, within 15 days after demand by such Lender, reimburse such Lender for any resulting loss or expense incurred by it (or by an existing or prospective participant in the related Advance), including (without limitation) any loss incurred in obtaining, liquidating or employing deposits from third parties, but excluding loss of margin for the period after any such payment or failure to borrow, provided that such Lender shall have delivered to the Borrower a certificate setting forth in reasonable detail calculations as to the amount of such loss or expense, which certificate shall be conclusive in the absence of manifest error.

(d) Without prejudice to the survival of any other agreement of the Borrower hereunder or under any other Financing Document, the agreements and obligations of the Borrower contained in Sections 2.09, 2.12 and 9.04 shall survive the payment in full of principal, interest and all other amounts payable hereunder or under any other Financing Document.

(e) If any Loan Party fails to pay when due any costs, expenses or other amounts payable by it under any Financing Document in respect of any Collateral, including, without limitation, fees and expenses of counsel and indemnities, such amount may be paid on behalf of such Loan Party by the Agent, in its sole discretion.

SECTION 9.05. Right of Set-off. Upon (i) the occurrence and during the continuance of any Event of Default and (ii) the making of the request or the granting of the

consent specified by Section 6.01 to authorize the Agent to declare the Notes due and all interest payable pursuant to the provisions of Section 6.01, the Agent and each Lender and each of their respective Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by the Agent, such Lender or such Affiliate to or for the credit or the account of the Borrower against any and all of the Obligations of the Borrower now or hereafter existing under the Financing Documents, whether or not the Agent or such Lender shall have made any demand under this Agreement or such Note or Notes and although such Obligations may be unmatured. The Agent, each Lender and each of their respective Affiliates agrees promptly to notify the Borrower after any such set-off and application; provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of the Agent, each Lender and each of their respective Affiliates under this Section are in addition to other rights and remedies (including, without limitation, other rights of set-off) that such Lender may have.

SECTION 9.06. Binding Effect. This Agreement shall become effective (other than Section 2.01, which shall only become effective upon satisfaction of the conditions precedent set forth in Section 3.01) when it shall have been executed by the Borrower, the Parent Guarantor and the Agent and when the Agent shall have been notified by each Initial Lender that such Initial Lender has executed it and thereafter shall be binding upon and inure to the benefit of the Borrower, the Parent Guarantor, the Agent and each Lender and their respective successors and permitted assigns, except that, subject to Section 5.02(b), neither the Parent Guarantor nor the Borrower shall have the right to assign its rights hereunder or any interest herein without the prior written consent of the Lenders.

SECTION 9.07. Assignments and Participations. (a) Each Lender may and, if demanded by the Borrower (following a demand by such Lender pursuant to Section 2.09 or 2.12) upon at least 5 Business Days' notice to such Lender and the Agent, will assign to one or more Persons all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment and the Advances owing to it); provided, however, that (i) each such assignment shall be of a constant, and not a varying, percentage of all rights and obligations under any or all Facilities, (ii) except in the case of an assignment to a Person that, immediately prior to such assignment, was a Lender or an assignment of all of a Lender's rights and obligations under this Agreement, the amount of the Commitment of the assigning Lender being assigned pursuant to each such assignment (determined as of the date of the Assignment and Acceptance with respect to such assignment) shall in no event be less than $1,000,000 or an integral multiple of $1,000,000 in excess thereof, (iii) each such assignment shall be to an Eligible Assignee, (iv) each such assignment made as a result of a demand by the Borrower pursuant to this Section 9.07(a) shall be arranged by the Borrower after consultation with the Agent and shall be either an assignment of all the rights and obligations of the assigning Lender under this agreement or an assignment of a portion of such rights and obligations made concurrently with another such assignment or other such assignments that together cover all of the rights and obligations of the assigning Lender under this Agreement, (v) no Lender shall be obligated to make any such assignment as a result of a demand by the Borrower pursuant to this Section 9.07(a) unless and until such Lender shall have received one or more payments from either the Borrower or one or more Eligible Assignees in an aggregate amount at least equal to the aggregate outstanding principal amount of the Advances owing to such Lender, together with

accrued interest thereon to the date of payment of such principal amount and all other amounts payable to such Lender under this Agreement, (vi) the parties to each such assignment shall execute and deliver to the Agent, for its acceptance and recording in the Register, an Assignment and Acceptance and a processing and recordation fee of $3,500, provided, however, that in the case of each assignment made as a result of a demand by the Borrower, such recordation fee shall be payable by the Borrower except that no such recordation fee shall be payable in the case of an assignment made at the request of the Borrower to an Eligible Assignee that is an existing Lender, (vii) any Lender may, without the approval of the Borrower and the Agent, but with notice to the Borrower and the Agent, assign all or a portion of its rights to any of its Affiliates and (viii) if the assignee is not incorporated under the laws of the United States or a state thereof, it shall, on the date of the assignment, deliver to the Borrower and the Agent certification as to exemption from deduction or withholding of any United States federal income taxes in accordance with Section 2.12. Upon such execution, delivery, acceptance and recording, from and after the effective date specified in each Assignment and Acceptance, (x) the assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Acceptance, have the rights and obligations of a Lender hereunder and (y) the Lender assignor thereunder shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights (other than the rights under Sections 2.09, 2.12 and 9.04 to the extent any claim thereunder relates to an event arising prior to such assignment) and be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all or the remaining portion of an assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto).

(b) By executing and delivering an Assignment and Acceptance, the assigning Lender thereunder and the assignee thereunder confirm to and agree with each other and the other parties hereto as follows: (i) other than as provided in such Assignment and Acceptance, such assigning Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with any Financing Document or the execution, legality, validity, enforceability, genuineness, sufficiency or value of, or the perfection or priority of any lien or security interest created or purported to be created under or in connection with, any Financing Document or any other instrument or document furnished pursuant hereto; (ii) such assigning Lender makes no representation or warranty and assumes no responsibility with respect to the financial condition of any Loan Party or the performance or observance by any Loan Party of any of its obligations under any Financing Document or any other instrument or document furnished pursuant thereto; (iii) such assignee confirms that it has received a copy of this Agreement, together with copies of the financial statements referred to in Section 4.01 and Section 4.02 and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance; (iv) such assignee will, independently and without reliance upon the Agent, such assigning Lender or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (v) such assignee confirms that it is an Eligible Assignee; (vi) such assignee appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers and discretion under the Financing Documents as are delegated to the Agent by the terms hereof, together with such powers and discretion as are reasonably incidental thereto; and (vii) such assignee agrees that it will perform

in accordance with their terms all of the obligations that by the terms of this Agreement are required to be performed by it as a Lender.

(c) The Agent, acting for this purpose (but only for this purpose) as the agent of the Borrower, shall maintain at its address referred to in Section 9.02 a copy of each Assignment and Acceptance delivered to and accepted by it and a register for the recordation of the names and addresses of the Lenders and the Commitment of, and principal amount of the Advances owing to, each Lender from time to time (the "REGISTER"). The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and the Borrower, the Agent and the Lenders shall treat each Person whose name is recorded in the Register as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrower or any Lender at any reasonable time and from time to time upon reasonable prior notice.

(d) Upon its receipt of an Assignment and Acceptance executed by an assigning Lender and an assignee representing that it is an Eligible Assignee, the Agent shall, if such Assignment and Acceptance has been completed and is in substantially the form of Exhibit C hereto, (i) accept such Assignment and Acceptance, (ii) record the information contained therein in the Register and (iii) give prompt notice thereof to the Borrower.

(e) Each Lender may sell participations to one or more banks or other entities (other than any Loan Party or any of its Affiliates) in or to all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment and the Advances owing to it); provided, however, that (i) such Lender's obligations under this Agreement (including, without limitation, its Commitment to the Borrower hereunder) shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) the Borrower, the Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement and (iv) no participant under any such participation shall have any right to enforce the obligations of the Loan Parties hereunder or to approve any amendment or waiver of any provision of this Agreement, or any consent to any departure by any Loan Party therefrom, except to the extent that such amendment, waiver or consent would reduce the principal of, or interest on, the Advances or any fees or other amounts payable hereunder, in each case to the extent subject to such participation, or postpone any date fixed for any payment of principal of, or interest on, the Advances or any fees or other amounts payable hereunder, in each case to the extent subject to such participation, or release all or substantially all of the Collateral.

(f) No Eligible Assignee or other transferee of any Lender's rights shall be entitled to receive any greater payment under Section 2.09 than such Lender would have been entitled to receive with respect to the rights transferred, unless such transfer is made with the Borrower's prior written consent or by reason of the provision of Section 2.16 requiring such Lender to designate a different Applicable Lending Office under certain circumstances. The Borrower shall not be obligated to make any greater payment under the Financing Documents than it would have been required to make in the absence of any participation.

(g) Any Lender may, in connection with any assignment or participation or proposed assignment or participation pursuant to this Section 9.07, disclose to the assignee or participant or proposed assignee or participant, any information relating to the Borrower furnished to such Lender by or on behalf of the Borrower; provided that, prior to any such disclosure, the assignee or participant or proposed assignee or participant shall agree to preserve the confidentiality of any Confidential Information received by it from such Lender.

(h) Notwithstanding any other provision set forth in this Agreement, any Lender may at any time create a security interest in all or any portion of its rights under this Agreement (including, without limitation, the Advances owing to it) in favor of any Federal Reserve Bank in accordance with Regulation A of the Board of Governors of the Federal Reserve System.

(i) Notwithstanding anything to the contrary contained herein, any Lender that is a fund that invests in bank loans may create a security interest in all or any portion of the Advances owing to it to the trustee for holders of obligations owed, or securities issued, by such fund as security for such obligations or securities, provided that unless and until such trustee actually becomes a Lender in compliance with the other provisions of this Section 9.07, (i) no such pledge shall release the pledging Lender from any of its obligations under the Financing Documents and (ii) such trustee shall not be entitled to exercise any of the rights of a Lender under the Financing Documents even though such trustee may have acquired ownership rights with respect to the pledged interest through foreclosure or otherwise.

(j) If the Borrower wishes to replace Advances or the Commitments under any Facility with ones having different terms, it shall have the option, with the consent of the Agent and subject to at least three Business Days' advance notice to the Lenders under such Facility, instead of prepaying the Advances or reducing or terminating the Commitments to be replaced, to (i) require the Appropriate Lenders to assign such Advances or Commitments to the Agent or its designees and (ii) amend the terms thereof in accordance with Section 9.01 (with such replacement, if applicable, being deemed to have been made pursuant to Section 9.01(c)). Pursuant to any such assignment, all Advances and Commitments to be replaced shall be purchased at par (allocated among the Appropriate Lenders under such Facility in the same manner as would be required if such Advances were being optionally prepaid or such Commitments were being optionally reduced or terminated by the Borrower), accompanied by payment of any accrued interest, premiums (including any premiums payable pursuant to Section 2.08(a), it being understood that any assignment pursuant to this Section 9.07(j) shall be deemed an optional prepayment under Section 2.08(a) for purposes of the payment of such premiums) and fees thereon and any amounts owing pursuant to Section 9.04(c). By receiving such purchase price, the Appropriate Lenders under such Facility shall automatically be deemed to have assigned their Commitments under such Facility pursuant to the terms of the form of Assignment and Acceptance attached hereto as Exhibit C, and accordingly no other action by such Lenders shall be required in connection therewith. The provisions of this paragraph are intended to facilitate the maintenance of the perfection and priority of existing security interests in the Collateral during any such replacement.

SECTION 9.08. Confidentiality. Neither the Agent nor any Lender shall disclose any Confidential Information to any Person without the consent of the Borrower, other than (a)

to the Agent's or such Lender's Affiliates and their officers, directors, employees, agents and advisors and to actual or prospective Eligible Assignees and participants, and then only on a confidential basis, (b) as required by any law, rule or regulation, (c) as requested or required by any state, Federal or foreign authority or examiner (including the National Association of Insurance Commissioners or any similar organization or quasi-regulatory authority) regulating such Lender, (d) to any rating agency when required by it, provided that, prior to any such disclosure, such rating agency shall undertake to preserve the confidentiality of any Confidential Information relating to the Loan Parties received by it from such Lender, (e) in connection with any litigation or proceeding to which the Agent or such Lender or any of its Affiliates may be a party or as required by judicial process, or (f) in connection with the exercise of any right or remedy under this Agreement or any other Financing Document; provided that if any party hereto (such party, the "DISCLOSING PARTY") is required to disclose any Confidential Information pursuant to clause (e) above, the Disclosing Party will, to the extent permitted by applicable law, promptly notify the other parties hereto (such other parties, the "NON-DISCLOSING Parties") prior to such disclosure to enable the Non-Disclosing Parties to seek a protective order or to take other action that the Non-Disclosing Parties in their reasonable discretion deem appropriate, and the Disclosing Party will use reasonable efforts to cooperate with the Non-Disclosing Parties in their efforts to obtain a protective order or other reasonable assurance that confidential treatment will be accorded the Confidential Information.

SECTION 9.09. Release of Collateral. Upon the sale, lease, transfer or other disposition of any item of Collateral of any Loan Party in accordance with the terms of the Financing Documents, the Agent will, at the Borrower's expense, execute and deliver to such Loan Party such documents as such Loan Party may reasonably request to evidence the release of such item of Collateral from the assignment and security interest granted under the Collateral Documents in accordance with the terms of the Financing Documents.

SECTION 9.10. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

SECTION 9.11. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by telecopier shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 9.12. Jurisdiction, Etc. (a) Each of the parties hereto hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or federal court of the United States of America sitting in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or any of the other Financing Documents to which it is a party, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in any such New York State court or, to the extent permitted by law, in such federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the

judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that any party may otherwise have to bring any action or proceeding relating to this Agreement or any of the other Financing Documents in the courts of any jurisdiction.

(b) Each of the parties hereto irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or any of the other Financing Documents to which it is a party in any New York State or federal court. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

SECTION 9.13. Waiver of Jury Trial. Each of the Borrower, the Parent Guarantor, the Agent and the Lenders hereby irrevocably waives all right to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to any of the Financing Documents the Advances or the actions of the Agent or any Lender in the negotiation, administration, performance or enforcement thereof.

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

AMERICAN AIRLINES, INC.,
as Borrower

By _____
Name:
Title:

AMR CORPORATION,
as Parent Guarantor

By _____
Name:
Title:

CITICORP USA, INC.,
as Agent

By _____
Name:
Title:

SCHEDULE I

COMMITMENTS AND APPLICABLE LENDING OFFICES

NAME OF INITIAL LENDER	REVOLVING CREDIT COMMITMENT	TERM COMMITMENT	DOMESTIC LENDING OFFICE	EURODOLLAR LENDING OFFICE

EXHIBIT D

EXECUTION COPY

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AIRCRAFT SECURITY AGREEMENT

dated as of December 17, 2004

between

AMERICAN AIRLINES, INC.

and

CITICORP USA, INC.
as Collateral Agent

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TABLE OF CONTENTS

ARTICLE XII

MISCELLANEOUS

AIRCRAFT SECURITY AGREEMENT

This AIRCRAFT SECURITY AGREEMENT, dated as of December 17, 2004, between AMERICAN AIRLINES, INC., a Delaware corporation (together with its successors and permitted assigns, "AMERICAN"), and CITICORP USA, INC. ("CUSA"), as Collateral Agent for the Secured Parties (as hereinafter defined) (together with its successors in such capacity, the "AGENT").

W I T N E S S E T H:

WHEREAS, American, AMR Corporation, a Delaware corporation, the banks, financial institutions and other institutional lenders party thereto from time to time (the "LENDERS"), the Agent and Citigroup Global Markets Inc. and J.P. Morgan Securities Inc. have entered into a Credit Agreement, dated as of December 17, 2004 (as amended, amended and restated, supplemented or otherwise modified from time to time, the "CREDIT AGREEMENT"); and

WHEREAS, American desires by this Security Agreement, among other things, to grant to the Agent a Lien on the Collateral in accordance with the terms hereof as security for American's obligations to the Lenders; and

WHEREAS, each of the Lenders has appointed the Agent its agent hereunder for the purposes of administering and enforcing this Security Agreement in accordance with the terms hereof, and the Agent has agreed to act as agent for the Lenders under this Security Agreement; and

WHEREAS, all things necessary to make this Security Agreement a legal, valid and binding and enforceable obligation of American and the Agent, for the uses and purposes herein set forth, in accordance with its terms, have been done and performed and have occurred;

NOW, THEREFORE, to secure the prompt and complete payment of all Secured Obligations, it is hereby covenanted and agreed by and between the parties hereto as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01 Certain Definitions. For all purposes of this Security Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) capitalized terms used herein have the meanings set forth in Appendix A hereto or, if not defined in Appendix A, then as defined in the Credit Agreement;

(b) the definitions stated herein and those stated in Appendix A apply equally to both the singular and the plural forms of the terms defined; and

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

ARTICLE II

SECURITY

SECTION 2.01 Grant of Security. American, in order to secure the prompt and complete payment and performance of all Secured Obligations, and in consideration of the premises and of the covenants contained herein and in the other Financing Documents, does hereby grant, bargain, sell, convey, transfer, mortgage, assign, pledge, and confirm unto the Agent and its permitted successors and assigns, for the security and benefit of the Secured Parties, a security interest in, and mortgage lien on, all estate, right, title and interest of American in, to and under, all and singular, the following described properties, rights, interests and privileges whether now or hereafter acquired (hereinafter referred to as the "COLLATERAL"):

(a) the Aircraft, including each Airframe and each Engine, whether or not any such Engine may from time to time be installed on an Airframe or on any other airframe or any other aircraft, and, to the extent provided herein, all substitutions and replacements of and additions, improvements, accessions and accumulations to the Aircraft, each Airframe, the Engines and any and all Parts relating thereto (such Airframes and Engines as more particularly described on Schedule 1 to this Security Agreement or in a Security Agreement Supplement executed and delivered 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 in accordance with the rules and regulations of the FAA (and, if an Aircraft is registered under the laws of a jurisdiction other than the United States, under the applicable laws of such jurisdiction) with respect to the foregoing;

(b) the Warranty Rights, together with all rights, powers, privileges, options and other benefits of American under the same, to the extent the same may be assigned without the manufacturer's prior written consent;

(c) all requisition proceeds with respect to the Aircraft or any Part thereof, and all insurance proceeds with respect to the Aircraft or any Part thereof, but excluding all proceeds of, and rights under, any insurance maintained by American pursuant to Section 5.06(e) and not required under Section 5.06(a) or (b);

(d) all moneys, securities and Permitted Investments now or hereafter paid, deposited or credited or required to be paid, deposited or credited to or with the Agent by or for the account of American pursuant to any term of this Security Agreement or any other Financing Document and held or required to be held by the Agent hereunder or thereunder, including without limitation the Cash Collateral Account, all cash on deposit therein, all Permitted Investments credited thereto and all investments made pursuant to Section 3.01(b); and

(e) all proceeds of the foregoing;

provided, however, that notwithstanding any of the foregoing provisions of this Article II, so long as no Event of Default shall have occurred and be continuing, American shall have the right, to the

exclusion of the Agent, (i) to quiet enjoyment of the Aircraft, the Airframes and Engines, and to possess, use, retain and control the Aircraft, the Airframes and Engines and all revenues, income and profits derived therefrom and (ii) with respect to the Warranty Rights, to exercise in American'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; and provided, further, that notwithstanding the occurrence and continuation of an Event of Default, the Agent shall not enter into any amendment or modification of the product assurance provisions of the Purchase Agreement that would alter the rights, benefits or obligations of American thereunder;

TO HAVE AND TO HOLD all and singular the Collateral unto the Agent, its permitted successors and assigns, forever, for the ratable benefit, security and protection of the Secured Parties from time to time, and for the uses and purposes and subject to the terms and provisions set forth in this Security Agreement.

It is expressly agreed that anything herein to the contrary notwithstanding, American shall remain liable under the Financing Documents to perform all of its obligations thereunder, and neither the Agent nor any Secured Party shall be required or obligated in any manner to perform or fulfill any obligations of American under or pursuant to any thereof, 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 which may have been assigned to it or to which it may be entitled at any time or times.

American does hereby constitute and appoint the Agent the true and lawful attorney of American (which appointment is coupled with an interest) with full power (in the name of American or otherwise) to ask, require, demand and receive any and all moneys and claims for moneys (in each case including insurance and requisition proceeds), 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 proceeding which the Agent may deem to be necessary or advisable in the premises; provided that the Agent shall not exercise any such rights except during the continuance of an Event of Default. Without limiting the provisions of the foregoing, during the continuance of any Event of Default but subject to the terms hereof and any mandatory requirement of applicable law, the Agent shall have the right under such power of attorney in its discretion to file any claim or take any other action or proceedings, either in its own name or in the name of American or otherwise, which the Agent may reasonably deem necessary or appropriate to protect and preserve the right, title and interest of the Agent in and to the security intended to be afforded hereby. American agrees that promptly upon receipt thereof, to the extent required by the Financing Documents, it will transfer to the Agent any and all moneys from time to time received by American constituting part of the Collateral, for distribution by the Agent pursuant to the Credit Agreement and this Security Agreement.

American does hereby warrant and represent that it has not sold, assigned or pledged, and hereby covenants that it will not sell, assign or pledge, so long as this Security Agreement 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 Agent, except for Permitted Liens.

ARTICLE III

CASH COLLATERAL AND PERMITTED INVESTMENTS

SECTION 3.01 Establishment of Cash Collateral Account; Investments. (a) There is hereby established with the Agent a cash collateral account (the "CASH COLLATERAL ACCOUNT") in the name and under the exclusive dominion and control of the Agent, as security for the benefit of the Secured Parties, into which American may deposit funds from time to time as provided herein. Any income received by the Agent with respect to the balance from time to time of the Cash Collateral Account, including any interest or capital gains on Permitted Investments, shall be retained therein and shall constitute Collateral; provided that if no Payment Default, Bankruptcy Default or Event of Default is then continuing, such income shall be promptly paid to American upon request. All amounts on deposit from time to time in the Cash Collateral Account together with any Permitted Investments from time to time made pursuant to Section 3.01(b) shall constitute part of the Collateral hereunder.

(b) Amounts on deposit in the Cash Collateral Account may be invested and re-invested from time to time at the expense and risk of American in Permitted Investments, which Permitted Investments shall be held in the name and be under the control of the Agent. The investment of amounts on deposit in the Cash Collateral Account shall be effected by the Agent, except that so long as no Event of Default shall have occurred and be continuing, investment of amounts on deposit in the Cash Collateral Account shall be effected by the Agent acting upon the written authorization and direction of American. If any such investment results in a loss, American shall promptly pay a cash amount equal to the amount of such loss to the Agent for application to the Cash Collateral Account.

(c) The parties hereto agree that American shall be the taxpayer with respect to any income earned on investments made pursuant to Section 3.01(b). The Agent shall treat American as the taxpayer with respect to any reporting or other obligations imposed by applicable tax laws.

SECTION 3.02 Release of Collateral. American shall have such obligations to provide additional and replacement Collateral from time to time, and rights to substitute or require the release of Collateral from time to time, all as set forth in the Credit Agreement. Upon any release of Collateral in accordance with the terms of the Credit Agreement, including (without limitation) pursuant to any substitution or any replacement in connection with an Event of Loss, the Agent shall release from the Lien of this Security Agreement such Collateral and shall execute and deliver such instruments of release and shall take such further actions as American shall reasonably request, all at American's sole cost and expense.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF AMERICAN

SECTION 4.01 Representations and Warranties of American. American represents and warrants that:

(a) (i) it is an "air carrier" within the meaning of the Transportation Code operating under certificates issued pursuant to such Code (49 U.S.C. ss.ss.41101-41112), and (ii) its exact legal name (as such terms is defined in the Uniform Commercial Code), type of organization, jurisdiction of organization or organizational identification number are correctly set forth on Schedule 2;

(b) it holds title to all the Aircraft, free and clear of all Liens except the Lien of this Security Agreement and Permitted Liens;

(c) the execution, delivery and performance by American of this Security Agreement have been duly authorized by all necessary corporate action on the part of American, do not require any stockholder approval, or approval or consent of any trustee or holder of any indebtedness or obligations of American, except such as have been duly obtained and are in full force and effect, and do not and will not contravene any current law, governmental rule, regulation, judgment or order binding on American or the Certificate of Incorporation or By-Laws of American or contravene or result in a breach of, or constitute a default under, or result in the creation of any Lien upon the property of American under, any indenture, mortgage, contract or other agreement to which American is a party or by which it or its properties may be bound or affected;

(d) neither the execution and delivery by American of this Security Agreement, nor the performance of its obligations hereunder, nor the consummation by American of any of the transactions contemplated hereby, requires the consent or approval of, the giving of notice to, or the registration with, or the taking of any other action in respect of, the Department of Transportation, the FAA, or any other Federal, state or foreign governmental authority having jurisdiction, except for (i) the filings referred to in Section 4.01(f) and (ii) the filing of Uniform Commercial Code financing statements with respect to the Cash Collateral Account;

(e) this Security Agreement has been duly executed and delivered by American and constitutes a legal, valid and binding obligation of American enforceable against American 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 and except as limited by applicable laws which may affect the remedies provided in this Security Agreement, which laws, however, do not make the remedies provided in this Security Agreement inadequate for the practical realization of the rights and benefits intended to be provided thereby; and

(f) except for the filing for recordation pursuant to the Transportation Code of this Security Agreement (with the Security Agreement Supplement covering the

Aircraft attached), no further filing or recording of any document (including, without limitation, any financing statement in respect thereof under Article 9 of the Uniform Commercial Code of any applicable jurisdiction) is necessary or advisable under the laws of the United States of America or any State thereof as of the date hereof in order to establish, perfect and protect the security interest in the Aircraft created under this Security Agreement in favor of the Agent as against American and any third parties in any applicable jurisdiction in the United States, other than with respect to such portion, if any, of the Aircraft as may not be covered by the recording system established by the FAA under the Transportation Code, the filing of a financing statement in respect of such security interest under Article 9 of the Uniform Commercial Code as in effect in the State of Delaware and the filing of continuation statements with respect thereto under such Uniform Commercial Code.

ARTICLE V

COVENANTS OF AMERICAN

SECTION 5.01 Liens. American shall promptly 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 any Collateral.

SECTION 5.02 Possession, Operation and Use, Maintenance and Registration. (a) Possession. American shall not, without the prior written consent of the Required Lenders, lease or otherwise in any manner deliver, transfer or relinquish possession of any Airframe or any Engine or install any Engine, or permit any Engine to be installed, on any airframe other than an Airframe; provided that American may, so long as no Event of Default shall have occurred and be continuing, and so long as the action to be taken shall not deprive the Agent of the perfected Lien of this Security Agreement on any Airframe or (subject to the provisos to clauses (i)(C) and (vii) of this Section 5.02(a)) any Engine, and in any event so long as American shall comply with the provisions of Section 5.06, without the prior consent of the Agent or any Secured Party:

(i) subject any Airframe to normal interchange agreements or any Engine to normal interchange or pooling agreements or arrangements, in each case customary in the airline industry and entered into by American in the ordinary course of its business with any other U.S. Air Carrier or with any "foreign air carrier" (as such term is defined in the Transportation Code) as to which there is in force a permit issued pursuant to the Transportation Code (49 U.S.C.ss.ss.41301-41306) or any successor provision that gives like authority (any such U.S. Air Carrier and any such foreign air carrier being hereinafter called a "PERMITTED AIR CARRIER"); provided that (A) no transfer of the registration of any Airframe shall be - effected in connection therewith, (B) no such agreement or arrangement contemplates or requires the - transfer of title to any Airframe and (C) if American'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 American shall comply with Section 5.05(a) in respect thereof;

(ii) deliver possession of any Airframe or any Engine to any organization for testing, service, repair, maintenance, overhaul work or other similar purpose on such Airframe or such Engine or any part thereof or for alterations or modifications in or additions

to such Airframe or such Engine to the extent required or permitted by the terms of this Security Agreement;

(iii) transfer possession of any Airframe or any Engine to the United States government pursuant to a lease, contract or other instrument;

(iv) subject any Airframe or any Engine to the CRAF Program or transfer possession of any Airframe or any Engine at any time to the United States government or any instrumentality or agency thereof in accordance with applicable laws, rulings, regulations or orders (including, without limitation, any transfer pursuant to the CRAF Program); provided that American (A) shall promptly notify the Agent upon - transferring possession pursuant to this clause (iv) and (B) in the case of a transfer of possession - pursuant to the CRAF Program, shall within 60 days of such transfer notify the Agent of the name and address of the responsible Contracting Officer Representative for the Military Airlift Command of the United States of America 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 American free and clear of all Liens, except (A) Permitted Liens and Liens which 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 other Permitted Air Carriers under interchange agreements which would be permitted under clause (i) above;

(vi) install an Engine on an airframe leased to American or purchased or owned by American subject to a conditional sale or other security agreement; provided that (A) such airframe is free and clear of all - Liens except the rights of the parties to the lease or conditional sale or other security agreement covering such airframe and except Liens of the type permitted by clauses (A) and (B) of clause (v) of this Section 5.02(a) and (B) American shall have obtained from the lessor or secured party of such - airframe a written agreement (which may be the lease or conditional sale or other security agreement covering such airframe), in form and substance satisfactory to the Agent (it being understood that an agreement from such lessor or secured party substantially in the form of the final sentence of the penultimate paragraph of this Section 5.02(a) shall be deemed to be satisfactory to the Agent), 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 Security Agreement;

(vii) install an Engine on an airframe owned by American, leased to American or owned by American subject to a conditional sale or other security agreement under circumstances where neither clause (v) nor clause (vi) of this Section 5.02(a) is applicable; provided that such installation shall be deemed an Event of Loss with respect to such Engine and American shall comply with Section 5.05(a) in respect thereof, the Agent not intending hereby to waive any right or interest it may have to or in such Engine under applicable law until compliance by American with such Section 5.05(a); and

(viii) lease any Engine or any Airframe and Engines or engines then installed on any Airframe to any Permitted Lessee; provided that (i) such lease shall provide that the lessee shall not sublease the Aircraft except in connection with an integrated transaction involving a sublease to a Permitted Lessee commencing at the inception of such lease and (ii) the Aircraft Value of any such Engines and Airframes leased to any Permitted Lessee referred to in clause (c) of the definition of "Permitted Lessee" shall at no time exceed 5% of the Aggregate Collateral Value;

provided that the rights of any transferee who receives possession by reason of a transfer permitted by this Section 5.02(a) (other than the transfer of an Engine which is deemed an Event of Loss) shall be, during the period of such possession, subject and subordinate to, and any lease permitted by this Section 5.02(a) shall be made expressly subject and subordinate to, all the terms of this Security Agreement, including, without limitation, the Agent's rights to take possession pursuant to Section 7.01 and to avoid and terminate such lease upon such repossession, and American shall, in all events, remain primarily liable hereunder for the performance and observance of all of the terms and conditions of this Security Agreement (including, without limitation, the terms and conditions set forth in Section 5.02(c) and Section 5.06) to the same extent as if such lease or transfer had not occurred, and any such lease shall include appropriate provisions for the maintenance, operation, use and insurance of the Aircraft and shall permit inspection as provided in Section 5.03 and shall not result in any registration or re-registration of the Aircraft except to the extent permitted in Section 5.02(e). No interchange agreement, pooling agreement, lease or other relinquishment of possession of any Airframe or any Engine shall in any way discharge or diminish any of American's obligations hereunder or under any other Financing Document. The Agent and the Secured Parties hereby agree, for the benefit of the lessor or secured party of any airframe or engine leased to American or purchased or owned by American subject to a conditional sale or other security agreement, that the Agent and the Secured Parties will not acquire or claim, as against such lessor or secured party, any right, title or interest in 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 any Airframe at any time while such engine or engines are subject to such lease or conditional sale or other security agreement.

The Agent acknowledges that any "wet lease" or other similar arrangement under which American maintains operational control of the Aircraft shall not constitute a delivery, transfer or relinquishment of possession for purposes of this Section 5.02(a).

(b) Operation and Use. American agrees that the Aircraft will not be maintained, used or operated in violation of any law or any rule, regulation or order of any government or governmental authority having jurisdiction over the Aircraft, or in violation of any airworthiness certificate, license or registration relating to such Aircraft issued by any such authority, except where any such violation, either individually or in the aggregate with all other such violations, could not be reasonably expected to have a Material Adverse Effect; provided that American may in good faith contest the validity or application of any such law, rule, regulation or order in any reasonable manner which does not materially adversely affect the Lien of this Security Agreement; and provided further that American shall not be in default under this sentence if it is not possible for it to comply with the laws of a jurisdiction other than the United States of America (or other than any jurisdiction in which any Aircraft is then registered) because of a conflict with the applicable laws of the United States of America (or such jurisdiction in which such Aircraft is then registered) in which event American

shall use its reasonable best efforts to cause such Aircraft to be removed, as soon as practicable, from the jurisdiction other than the United States (or other than the jurisdiction in which such Aircraft is then registered) creating the conflict or take such other reasonable action (including, if necessary, changing the registration of such Aircraft unless such Aircraft is then registered in the United States), as soon as practicable, as may be necessary to avoid the conflict. American also agrees not to operate or locate any Aircraft, or suffer any Aircraft to be operated or located, (i) in any area excluded from coverage by any insurance required by the terms of Section 5.06, except in the case of a requisition for use by the United States government where American obtains indemnity in lieu of such insurance from such United States government against the risks and in the amounts required by Section 5.06 (without giving effect to any self-insurance provisions thereunder) covering such area, or (ii) in any war zone or recognized or, in American's reasonable judgment, threatened area of hostilities unless covered by war risk insurance, or unless such Aircraft is operated or used under contract with the United States government, under which contract such government assumes liability for any damage, loss or destruction of such Aircraft at the end of the term of such contract and for injury to persons and damage to property of others.

(c) Maintenance. American shall maintain, service, repair, overhaul and test each Aircraft in accordance with the applicable maintenance program (as approved by the FAA) for aircraft of such make and model (or, at American's option, in accordance with the aircraft maintenance standards for aircraft of such make and model required by or substantially equivalent to those required by the FAA or the central civil aviation authority of any of Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, Japan, The Netherlands, New Zealand, Norway, Spain, Sweden, Switzerland or the United Kingdom) and in the same manner and with the same care used with respect to similar aircraft and engines operated by American and utilized in similar circumstances so as to keep the Aircraft in as good operating condition as when delivered to American by the manufacturer of such Aircraft, ordinary wear and tear excepted, and in such condition as may be necessary to enable the airworthiness certification of each Aircraft to be maintained in good standing at all times (other than during temporary periods of storage in accordance with applicable regulations, during maintenance or modification permitted hereunder or during periods of grounding by applicable governmental authorities except where such periods of grounding are the result of the failure by American to maintain the Aircraft as otherwise required herein) under the Transportation Code or the applicable laws of any other jurisdiction in which the Aircraft may then be registered. American shall maintain, in the English language, all records, logs and other materials required by the appropriate authorities in the jurisdiction where each Aircraft is registered to be maintained in respect of such Aircraft.

(d) Identification of Agent's Interest. American agrees to affix as promptly as practicable after the date hereof and thereafter to maintain in the cockpit of each Aircraft adjacent to the airworthiness certificate and (if not prevented by applicable law or regulations or by any governmental authority) on each Engine, a nameplate bearing the inscription "SUBJECT TO A MORTGAGE AND SECURITY AGREEMENT IN FAVOR OF CITICORP USA, INC. (U.S.A.), AS AGENT" (such nameplate to be replaced, if necessary, with a nameplate reflecting the name of any successor Agent).

(e) Registration. Each Aircraft has been duly registered at the FAA in the name of American, as owner, and, subject to the further provisions of this Section 5.02(e), American will cause each Aircraft to remain duly registered in American's name, except as otherwise required by

such applicable registration laws and regulations and except to the extent such registration cannot be effected because of any failure by the Agent or any Secured Party to comply with the citizenship or other eligibility requirements for the registration of aircraft under such applicable registration laws and regulations; provided that the Agent shall execute and deliver all such documents as American may reasonably request for the purpose of effecting and continuing such registration; and provided further that American may at any time, upon notice to the Agent, subject to the terms and conditions hereinafter in this Section 5.02(e) set forth, at no expense or liability to the Secured Parties or the Agent, register any Aircraft or permit any Aircraft to be registered under the applicable statutes of any other country in which a Permitted Lessee could be based in the name of American or, if required by applicable law, any other Person and the Agent and the Secured Parties will cooperate with American's reasonable requests in effecting such foreign registration, and American shall maintain such registration unless and until any such Aircraft is re-registered in accordance with this Section 5.02(e); provided, however, that if any such country is not at the time of registration the United States or a Permitted Country, as a condition to American's right to effect such foreign registration, American shall have delivered to the Agent prior to the time of such registration an opinion of counsel to American (which counsel shall be reasonably acceptable to the Agent) with respect to such country of a tenor comparable to that described in clause (c) of the definition of Permitted Lessee. Notwithstanding the foregoing, no such re-registration of the Aircraft pursuant to this Section 5.02(e) shall occur unless prior to any such change in the country of registry of the Aircraft, the following conditions are met or are waived by the Agent:

(i) no Event of Default shall have occurred and be continuing at the date of such request or at the effective date of the change in registration; provided that it shall not be necessary to comply with this condition (i) if the change in registration involves the registration of any Aircraft under the laws of the United States of America;

(ii) the Agent shall have received a legal opinion from counsel to American reasonably satisfactory to the Agent to the effect that: (A) after giving effect to such change in registration, the Lien of this - Security Agreement shall continue as a valid and duly perfected Lien and that all filing, recording or other action necessary to perfect and protect the Lien of this Security Agreement has been accomplished (or if such opinion cannot be given at the time by which the Agent has been requested to consent to a change in registration, (x) the opinion shall detail what filing, recording or other action is necessary - and (y) the Agent shall have received a certificate from a Responsible Officer 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 delivered to the Agent on or prior to the effective date of such change in registration), (B) the - terms of this Security Agreement are legal, valid and binding and enforceable in such jurisdiction (subject to customary exceptions) and (C) 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;

(iii) the Agent shall have received assurances reasonably satisfactory to it (x) that the insurance provisions contained herein will have been complied with after giving effect to such change in registration and (y) that the Agent or American shall have agreed to meet the requirements, if any, detailed in the opinion described in Section 5.02(e)(ii)(c) above; and

(iv) American shall have paid or made provision for the payment of all reasonable expenses (including reasonable attorneys' fees) of the Agent and the Secured Parties in connection with such change in registration.

SECTION 5.03 Inspection. At all reasonable times, but upon at least 15 days' (or if a Default is continuing, 2 Business Days') prior notice to American, the Agent or its authorized representative (which may be a Secured Party) may at its own expense and risk (including, without limitation, any risk of personal injury or death) conduct a visual walk-around inspection of any Aircraft (including the interior of such Aircraft) and any Engine and may inspect the books and records of American relating thereto; provided that (i) the Agent shall provide, prior to conducting any such inspection, assurances reasonably satisfactory to American that such representative is fully insured with respect to any risks incurred in connection with any such inspection, (ii) any such inspection shall be subject to the safety, security and workplace rules applicable at the location where such inspection is conducted and to the requirements of any applicable law and (iii) in the case of an inspection during a maintenance visit, such inspection shall not in any respect interfere with the normal conduct of such maintenance visit or extend the time required for such maintenance visit. All information obtained in connection with any such inspection shall be treated as Confidential Information in accordance with Section 9.08 of the Credit Agreement. Neither the Agent nor any Secured Party shall have any duty to make any such inspection or incur any liability or obligation by reason of not making any such inspection. No inspection pursuant to this Section 5.03 shall relieve American of any of its obligations hereunder. No inspection pursuant to this Section 5.03 shall interfere with the use, operation or maintenance of any Aircraft or the normal conduct of American's business, and American shall not be required to undertake or incur any additional liabilities in connection therewith.

SECTION 5.04 Replacement and Pooling of Parts; Alterations, Modifications and Additions; Substitution of Engines. (a) Replacement of Parts. American, at its own cost and expense, will promptly replace or cause to be replaced all Parts which may from time to time be incorporated or installed in or attached to any Airframe or any Engine and which 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 5.04(c). In addition, American may, at its own cost and expense, remove or cause to be removed 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 American, except as otherwise provided in Section 5.04(c), will, at its own cost and expense, replace or cause to be replaced such Parts as promptly as possible. All replacement Parts shall be free and clear of all Liens (except for Permitted Liens), and shall be in as good operating condition as, 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. All Parts at any time removed from any Airframe or any Engine shall remain subject to the Lien of this Security Agreement no matter where located, until such time as such Parts shall be replaced by Parts which have been incorporated or installed in or attached to such Airframe or such Engine and which meet the requirements for replacement Parts specified above. Immediately upon any replacement Part becoming incorporated or installed in or attached to any Airframe or any Engine as above provided, without further act, (i) the replaced Part shall thereupon be free and clear of all rights of the Agent and of the Lien of this Security Agreement and shall no longer be deemed a Part hereunder and (ii) such replacement Part shall become subject to

the Lien of this Security Agreement and be deemed a Part of such Airframe or such Engine for all purposes to the same extent as the Parts originally incorporated or installed in or attached to such Airframe or such Engine.

(b) Pooling of Parts. Any Part removed from any Airframe or any Engine as provided in Section 5.04(a) may be subjected by American or a Person permitted to be in possession of the Aircraft pursuant to Section 5.02(a) to a normal pooling arrangement customary in the airline industry entered into in the ordinary course of American's or such other Person's business with Permitted Air Carriers; provided that the Part replacing such removed Part shall be incorporated or installed in or attached to such Airframe or such Engine in accordance with Section 5.04(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 any Airframe or any Engine in accordance with Section 5.04(a) may be owned by a Permitted Air Carrier subject to such a normal pooling arrangement; provided that American, at its expense, as promptly thereafter as practicable, either (i) causes title to such replacement Part to vest in American, free and clear of all Liens (other than Permitted Liens), at which time such replacement Part shall, in accordance with Section 5.04(a), become a Part and become subject to the Lien of this Security Agreement or (ii) replaces or causes to be replaced such replacement Part by incorporating or installing in or attaching to such Airframe or such Engine a further replacement Part owned by American, free and clear of all Liens (other than Permitted Liens), which without further act shall be subject to the Lien of this Security Agreement.

(c) Alterations, Modifications and Additions. American, at its own expense, will make or cause to be made such alterations and modifications in and additions to any Airframe and any Engine as may be required from time to time to meet the applicable standards of any applicable regulatory agency or body of the jurisdiction in which the applicable Aircraft is then registered as permitted by Section 5.02(e) or other governmental authority having jurisdiction over such Aircraft; provided that American may, in good faith, contest the validity or application of any such standard within 150 days of the date on which American is required to make such alterations or modifications and in any reasonable manner that does not materially adversely affect the Lien of this Security Agreement. In addition, American, at its own expense, may from time to time make or cause to be made such alterations and modifications in and additions to any Airframe or any Engine as American may deem desirable in the proper conduct of its business, 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 Security Agreement, 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 American 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 any Airframe or any Engine as the result of such alteration, modification or addition shall, without further act, be subject to the Lien of this Security Agreement. Upon the removal by American of any Part as permitted by this Section 5.04(c), such Part shall, without further act, be free and clear of all rights and interests of the Agent and the Lien of this Security Agreement and such Part shall no longer be deemed part of the Airframe or Engine from which it was removed. Except as otherwise expressly provided in this Security Agreement, any Part removed other than in accordance with this Section 5.04(c), shall remain subject to the Lien of this Security Agreement.

SECTION 5.05 Loss, Destruction or Requisition. (a) Event of Loss with Respect to any Airframe or Engine. Upon the occurrence of an Event of Loss with respect to any Airframe or Engine, American shall forthwith comply with the provisions set forth in Section 5.01(n)(v) of the Credit Agreement with respect thereto.

(b) 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 5.06) received at any time by American or by the Agent from any governmental authority or other Person with respect to an Event of Loss to any Airframe or any Engine, will be, subject to Section 5.01(n)(i) of the Credit Agreement, applied as follows:

(i) if, after such Event of Loss, the Aggregate Collateral Value equals or exceeds the Required Collateral Amount, then such payments will be retained by American;

(ii) if, after such Event of Loss, the Aggregate Collateral Value is less than the Required Collateral Amount and such payments are received with respect to any Airframe or any Airframe and Engines that have been or are being replaced by American pursuant to Section 5.05(a), or American has elected to deposit funds into the Cash Collateral Account in lieu of such replacement, such payments shall be paid over to, or retained by, the Agent and upon completion of such replacement or deposit be paid over to, or retained by, American; and

(iii) if, after such Event of Loss, the Aggregate Collateral Value is less than the Required Collateral Amount and such payments are received with respect to any Airframe or any Airframe and Engines that have not been and will not be replaced pursuant to Section 5.05(a), and American has not deposited funds into the Cash Collateral Account in lieu of such replacement, so much of such payments remaining after reimbursement of the Agent for costs and expenses as shall not exceed the difference between the Aggregate Collateral Value and the Required Collateral Amount shall be deposited by the Agent into the Cash Collateral Account, and the balance, if any, of such payment remaining thereafter will be paid over to, or retained by, American.

(c) Requisition for Use by the Government of any Airframe and the Engines Installed Thereon. In the event of the requisition for use by any government (including for this purpose any agency or instrumentality thereof), of any Airframe and the Engines installed thereon or engines installed on any Airframe under circumstances not constituting an Event of Loss, American shall promptly notify the Agent of such requisition, and all of American's obligations under this Security Agreement with respect to such Aircraft shall continue to the same extent as if such requisition had not occurred, provided that, notwithstanding the foregoing, American's obligations hereunder other than payment obligations shall only continue to the extent reasonably feasible. All such payments received by the Agent or American from such government for the use of any Airframe and Engines or engines shall be paid over to, or retained by, American.

(d) Requisition for Use by the Government of an Engine. In the event of the requisition for use by any government (including for this purpose any agency or instrumentality thereof) of any Engine (but not the Airframe to which such Engine relates), American will comply with the terms of Section 5.05(a) to the same extent as if an Event of Loss had occurred with respect

to such Engine. Upon such compliance, any payments received by the Agent or American from such government with respect to such requisition shall be paid over to, or retained by, American.

(e) Application of Payments During Existence of Event of Default. Any amount referred to in Section 5.05(b), in Section 5.05(c) or in Section 5.05(d) that is payable to American shall not be paid to American, or if it has been previously paid directly to American, shall not be retained by American, if at the time of such payment a Payment Default, Bankruptcy Default or Event of Default shall have occurred and be continuing, but shall be paid to and held by the Agent as security for the obligations of American under this Security Agreement, applied against American's payment obligations hereunder when and as they become due and payable, and at such time as there shall not be continuing any such Payment Default, Bankruptcy Default or Event of Default, such amount, to the extent not previously so applied against American's payment obligations, shall be paid to American.

SECTION 5.06 Insurance

(a) Aircraft Liability Insurance. (i) Except as provided in clause (ii) of this subsection (a) and subject to the rights of American to establish and maintain self-insurance in the manner and to the extent specified in Section 5.06(c), American will carry, or cause to be carried, at no expense to the Agent or any Secured Party, 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 each Aircraft (A) in amounts that are not less than the aircraft liability insurance applicable to similar aircraft and engines in American's fleet on which American carries insurance, (B) of the type usually carried by corporations engaged in the same or similar business, similarly situated with American and owning or operating similar aircraft and engines and covering risks of the kind customarily insured against by American and (C) that is maintained in effect with insurers of recognized responsibility. Any policies of insurance carried in accordance with this Section 5.06(a) and any policies taken out in substitution or replacement for any of such policies shall (A) name the Agent (in its individual capacity and as Agent) and each Secured Party, as their respective Interests (as defined below in this Section 5.06) may appear, as additional insureds, (B) subject to the condition of clause (C) below, provide that, in respect of the interests of the Agent and each Secured Party in such policies, the insurance shall not be invalidated by any action or inaction of American and shall insure the Agent's and each Secured Party's Interests as they appear, regardless of any breach or violation of any warranty, declaration or condition contained in such policies by American, (C) provide that, if such insurance is cancelled for any reason whatever, or if any material adverse change is made in the policy that affects coverage certified hereunder to any Secured Party or the Agent, or if such insurance is allowed to lapse for nonpayment of premium, such cancellation, change or lapse shall not be effective as to the Agent or any Secured Party for 30 days (seven (7) 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 the Agent or such Secured Party, respectively, of written notice from such insurers of such cancellation, change or lapse, (D) provide that none of the Agent or any Secured Party shall have any 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 Agent or any Secured Party to the extent of any moneys due to the Agent or such Secured Party and (2) subrogation against the Agent or any Secured Party to the extent that American has

waived its rights by its agreements to indemnify such party pursuant to the Financing Documents, (F) be primary without right of contribution from any other insurance that may be carried by the Agent or any Secured Party 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 5.06(a) and in Section 5.06(b) with respect to any Person means the interests of such Person in its individual capacity as Agent or Secured Party, as the case may be, in the transactions contemplated by the Financing Documents. In the case of a lease or contract with the United States government in respect of any Aircraft or any Engine, or in the case of any requisition for use of any Aircraft or any Engine by the United States government, a valid agreement by such government to indemnify American, or an insurance policy issued by such government, against the risks that American is required hereunder to insure against shall be considered adequate insurance for purposes of this Section 5.06(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 any Airframe or Engine, as the case may be, is on the ground and not in operation, American 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 subsection (c) of this Section 5.06, 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 American 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 American 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 American to establish and maintain self-insurance in the manner and to the extent specified in Section 5.06(c), American shall maintain, or cause to be maintained, in effect with insurers of recognized responsibility, at no expense to the Agent or any Secured Party, all-risk aircraft hull insurance covering each Aircraft and all-risk coverage with respect to any Engines or Parts while removed from an Aircraft (including, without limitation, war risk insurance if and to the extent the same is maintained by American or any Permitted Lessee with respect to other aircraft owned or operated by American 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 American; provided that (A) such insurance (including the permitted self-insurance) shall at all times while an Aircraft is subject to this Security Agreement be for an amount not less than the Aircraft Value of such Aircraft and (B) such insurance need not cover an Engine while attached to an airframe not owned, leased or operated by American. Any policies carried in accordance with this Section 5.06(b) and any policies taken out in substitution or replacement for any such policies shall (A) provide that any insurance proceeds up to an amount equal to the Aircraft Value for any loss or damage constituting an Event of Loss with respect to the Aircraft, and any insurance proceeds in excess of $10,000,000 up to the amount of the Aircraft Value for any loss or damage to the Aircraft (or Engines) not constituting an Event of Loss with respect to the Aircraft, shall be paid to the Agent as long as the Security Agreement shall not have been discharged, and that all other amounts shall be

payable to American, unless the insurer shall have received notice that an Event of Default exists, in which case all insurance proceeds for any loss or damage to the Aircraft (or Engines) up to the Aircraft Value shall be payable to the Agent, (B) subject to the conditions of clause (C) below, provide that, in respect of the interests of the Agent and each Secured Party in such policies, the insurance shall not be invalidated by any action or inaction of American and shall insure the Agent's and each Secured Party's Interests as they appear, regardless of any breach or violation of any warranty, declaration or condition contained in such policies by American, (C) provide that, if such insurance is canceled for any reason whatsoever, or if any material adverse change is made in the policy that affects the coverage certified hereunder to any Secured Party or the Agent, or if such insurance is allowed to lapse for nonpayment of premium, such cancellation, change or lapse shall not be effective as to the Agent or any Secured Party 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 the Agent or such Secured Parties, respectively, of written notice from such insurers of such cancellation, change or lapse, (D) provide that none of the Agent or any Secured Party shall have any 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 Agent or any Secured Party to the extent of any moneys due to the Agent or such Secured Party and (2) subrogation against the Agent or any Secured Party to the extent that American has waived its rights by its agreements to indemnify such party pursuant to the Financing Documents and (F) be primary without right of contribution from any other insurance that may be carried by the Agent or any Secured Party with respect to its interests as such in the Aircraft. In the case of a lease or contract with the United States government in respect of any Aircraft or any Engine, or in the case of any requisition for use of any Aircraft or any Engine by the United States government, a valid agreement by such government to indemnify American, or any insurance policy issued by such government, against any risks that American is required hereunder to insure against shall be considered adequate insurance for purposes of this Section 5.06(b) to the extent of the risks (and in the amounts) that are subject of such indemnification or insurance.

(ii) During any period that any Airframe or Engine is on the ground and not in operation, American 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 subsection (c) of this Section 5.06, 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 or engines owned or leased by American (or, if a permitted 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 subsection (c) of this Section 5.06, American shall maintain insurance against risk of loss or damage to such non-operating Airframe or Engine in an amount at least equal to the Aircraft Value during such period that such Airframe or Engine is on the ground and not in operation.

(c) Self-Insurance. American 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 subsection (a) or (b) of this Section 5.06, insuring for a maximum amount that is less than the amounts set forth in Section 5.06(a) and (b)), the risks required to be insured against pursuant to Section 5.06(a) and 5.06(b), but in no case shall the self-

insurance with respect to all of the aircraft and engines in American's fleet (including, without limitation, the Aircraft) exceed $50,000,000 for any 12-month policy year; provided, if AMR Corporation's senior unsecured long-term debt is rated at least BB+ or higher by Standard & Poor's Ratings Group (or any successor thereto that is a nationally recognized statistical rating organization) ("S&P") and Ba1 or higher by Moody's Investors Services, Inc. (or any successor thereto that is a nationally recognized statistical rating organization) ("Moody's"), then the self-insurance with respect to all of the aircraft and engines in American's fleet (including, without limitation, the Aircraft) shall not 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 American carries insurance; provided further if AMR Corporation's senior unsecured long-term debt is rated B- or below by S&P and B3 or below by Moody's, then American will reduce the self-insurance permitted hereunder to such reasonable amount as the Agent (acting on the instructions of the Required Lenders) may require; and provided, further, that a 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 shall be permitted in addition to the above mentioned self-insurance.

(d) Application of Insurance Payments. All losses will be adjusted by American with the insurers, and all insurance payments received under policies required to be maintained by American hereunder, exclusive of any payments received in excess of the Aircraft Value for any Aircraft from such policies, as the result of the occurrence of an Event of Loss with respect to any Airframe or an Engine will be applied as follows:

(i) if, after such Event of Loss, the Aggregate Collateral Value equals or exceeds the Required Collateral Amount, then such payments will be retained by American;

(ii) if, after such Event of Loss, the Aggregate Collateral Value is less than the Required Collateral Amount and such payments are received with respect to any Airframe or any Airframe and any Engines that have been or are being replaced by American as contemplated by Section 5.05(a), or American has elected to deposit funds into the Cash Collateral Account in lieu of such replacement, such payments shall be paid over to, or retained by, the Agent, and upon completion of such replacement or deposit be paid over to, or retained by, American; and

(iii) if, after such Event of Loss, the Aggregate Collateral Value is less than the Required Collateral Amount and such payments are received with respect to any Airframe or any Airframe and any Engines that have not been and will not be replaced as contemplated by Section 5.05(a), and American has not deposited funds into the Cash Collateral Account in lieu of such replacement, so much of such payments remaining after reimbursement of the Agent for costs and expenses as shall not exceed the difference between the Aggregate Collateral Value and the Required Collateral Amount shall be deposited by the Agent into the Cash Collateral Account, and the balance, if any, of such payment remaining thereafter will be paid over to, or retained by, American.

In all events, the insurance payment of any property damage loss received under policies maintained by American in excess of the Aircraft Value for an Aircraft shall be paid to American.

The insurance payments for any loss or damage to an Airframe or an Engine not constituting an Event of Loss with respect to such Airframe or Engine will be applied in payment (or to reimburse American) for repairs or for replacement property in accordance with the terms of Sections 5.02 and 5.04, and any balance remaining after compliance with such Sections with respect to such loss or damage shall be paid to American. Any amount referred to in the preceding sentence or in clause (i), (ii) or (iii) of the second preceding paragraph which is payable to American shall not be paid to American or, if it has been previously paid directly to American, shall not be retained by American, if at the time of such payment a Payment Default, Bankruptcy Default or Event of Default shall have occurred and be continuing, but shall be paid to and held by the Agent in the Cash Collateral Account as security for the Secured Obligations, and applied against American's payment obligations hereunder when and as they become due and payable, and at such time as there shall not be continuing any such Payment Default, Bankruptcy Default or Event of Default, such amount, to the extent not previously so applied against American's payment obligations, shall be paid to American at such time and in accordance with the preceding sentence or clause (i), (ii) or (iii) of the second preceding paragraph, as applicable.

(e) Reports, Etc. On or before the date hereof and annually upon renewal of American's insurance coverage, American will promptly furnish to the Agent (and the Agent shall furnish to the Secured Parties) a report signed by a firm of independent aircraft insurance brokers appointed by American, 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 treated as Confidential Information in accordance with Section 9.08 of the Credit Agreement. American will cause such firm to advise the Agent and the Secured Parties in writing promptly of any default in the payment of any premium and of any other act or omission on the part of American of which such firm has knowledge and which might invalidate or render unenforceable, in whole or in part, any insurance on any Aircraft. American will also cause such firm to advise the Agent and the Secured Parties in writing as promptly as practicable after such firm acquires knowledge that an interruption or reduction of any insurance carried and maintained on any Aircraft pursuant to the provisions of this Section 5.06 will occur.

(f) Insurance for Own Account. Nothing in this Section 5.06 shall limit or prohibit the Agent, any Secured Party or American from obtaining insurance for its own account with respect to any Airframe or any Engine and any proceeds payable thereunder shall be payable as provided in the insurance policy relating thereto; provided that no such insurance may be obtained which would limit or otherwise adversely affect the coverage or amounts payable under insurance maintained with respect to any Aircraft or any other aircraft in American's fleet, it being understood that all salvage rights to any Airframe or Engine shall remain with American's insurers at all times and provided further that such insurance may only be obtained to the extent the procurement of such insurance does not have an adverse effect on American's ability or cost to obtain insurance with respect to any Aircraft or any other aircraft in American's fleet.

SECTION 5.07 Maintenance of Certain Engines. Notwithstanding anything to the contrary contained herein, an aircraft engine which is not an Engine, but which is installed on an Airframe, shall be maintained in accordance with Section 5.02(c).

SECTION 5.08 General Indemnification and Waiver of Certain Claims. (a) Claims Defined. For the purposes of this Section 5.08, "CLAIMS" shall mean any and all liabilities,

obligations, losses, damages, penalties, claims, costs, actions or suits (whether or not on the basis of negligence, strict or absolute liability or liability in tort) which may be imposed on, incurred by, suffered by, or asserted against an Indemnified Person, as defined herein, and, except as otherwise expressly provided in this Section 5.08, shall include all reasonable costs, disbursements and expenses (including reasonable legal fees and expenses) of an Indemnified Person in connection therewith or related thereto.

(b) Indemnified Person Defined. For the purposes of this Section 5.08, "INDEMNIFIED PERSON" means the Agent, each Secured Party, each Secured Party's affiliates, and their respective officers, directors, employees, agents, successors, or permitted assigns; provided that such Persons shall, to the extent they are not signatories to this Security Agreement, upon the request of American, expressly agree in writing in connection with any claim for indemnity under this Section 5.08 to be bound by the terms of this Section 5.08; and provided further that all rights of each Indemnified Person (including, without limitation, the right to receive any indemnity payment under this Section 5.08) shall be exercised solely by the Agent. In the event that any Indemnified Person fails to comply with any duty or obligation under this Section 5.08, then to the extent that such failure materially prejudices American's rights or obligations under this Section 5.08 such Indemnified Person shall not be entitled to indemnity under this Section 5.08 (but only to the extent of such prejudice).

(c) Claims Indemnified. Subject to the exclusions stated in subsection (d) below, American agrees to indemnify, protect, defend and hold harmless each Indemnified Person against Claims resulting from or arising out of the manufacture, design, purchase, delivery, non-delivery, acceptance, non-acceptance or rejection, ownership, lease, sublease, possession, use, non-use, airworthiness, control, registration, re-registration, maintenance, repair, operation, condition, sale, storage, modification, alteration, return, substitution, transfer or other disposition of the Aircraft, any Airframe, any Engine or any Part (including, without limitation, latent or other defects, whether or not discoverable, and any claims for patent, trademark or copyright infringement).

(d) Claims Excluded. The following are excluded from American's agreement to indemnify under this Section 5.08:

(i) any Claim attributable to acts or events occurring after the termination of this Security Agreement or after the transfer of possession of the Aircraft pursuant to Article VII of this Security Agreement unless such claim is caused by American's failure to fulfill its obligations under this Security Agreement;

(ii) Any Claim that is or is attributable to taxes, levies, duties, assessments, charges or withholdings, except as to any such taxes, levies, duties, assessments, charges or withholdings related to or arising out of the manufacture, design, purchase, delivery, non-delivery, acceptance, non-acceptance or rejection, ownership, lease, sublease, possession, use, non-use, airworthiness, control, registration, re-registration, maintenance, repair, operation, condition, sale, storage, modification, alteration, return, substitution, transfer or other disposition of the Aircraft, any Airframe, any Engine or any Part (including, without limitation, latent or other defects, whether or not discoverable, and any claims for patent, trademark or copyright infringement);

(iii) Any Claim found by a court of competent jurisdiction to be attributable to the gross negligence or willful misconduct of the Indemnified Person seeking indemnification; and

(iv) Any Claim which constitutes a Permitted Lien.

(e) Insured Claims. In the case of any Claim indemnified by American hereunder which is covered by a policy of insurance maintained by American, each Indemnified Person agrees to cooperate, at American's expense, with the insurers in the exercise of their rights to investigate, defend or compromise such claim as may be required to retain the benefits of such insurance with respect to such Claim.

(f) Claims Procedure. An Indemnified Person shall promptly notify American of any Claim as to which indemnification is sought; provided that the failure to provide such prompt notice shall not release American from any of its obligations to indemnify hereunder, except to the extent that American is materially prejudiced by such failure or American's indemnification obligations are materially increased as a result of such failure. Subject to the rights of insurers under policies of insurance maintained by American, American 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 5.08, and at American's expense, the Indemnified Person shall cooperate with all reasonable requests of American in connection therewith. Where American or the insurers under a policy of insurance maintained by American undertake the defense of an Indemnified Person with respect to a Claim, no additional legal fees or expenses of such Indemnified Person in connection with the defense of such Claim shall be indemnified hereunder unless such fees or expenses were incurred at the request of American or such insurers; provided, however, that if in the written opinion of counsel to such Indemnified Person an actual or potential conflict of interest exists where it is advisable for such Indemnified Person to be represented by separate counsel, the reasonable fees and expenses of such separate counsel shall be borne by American. Subject to the requirements of any policy of insurance, an Indemnified Person may participate at its own expense in any judicial proceeding controlled by American pursuant to the preceding provisions; provided that such party's participation does not, in the opinion of the independent counsel appointed by American 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 5.08. Notwithstanding anything to the contrary contained herein, American shall not under any circumstances be liable for the fees and expenses of more than one counsel for all Indemnified Persons except in the case specified in the third sentence of this Section 5.08(f).

(g) Subrogation. To the extent that a Claim indemnified by American under this Section 5.08 is in fact paid in full by American and/or an insurer under a policy of insurance maintained by American, American and/or such insurer, as the case may be, shall be subrogated to the rights and remedies of the Indemnified Person on whose behalf such Claim was paid with respect to the transaction or event giving rise to such claim. So long as no Payment Default, Bankruptcy Default or Event of Default shall have occurred and be continuing, if an Indemnified Person receives any payment from any party other than American or its insurers, in whole or in part, with respect to any Claim paid in full by American or its insurers hereunder, such Indemnified Person shall promptly pay the amount paid (but not an amount in excess of the amount American or any of its insurers has paid in respect of such Claim) over to American.

ARTICLE VI

RECEIPT, DISTRIBUTION AND APPLICATION
OF INCOME FROM THE COLLATERAL

SECTION 6.01 Application of Income from the Collateral. After an Event of Default shall have occurred and be continuing and the unpaid principal of all Advances then outstanding shall have become due and payable, the Agent shall apply any payments received, any amounts then held and any amounts realized by the Agent with respect to the Collateral in the following order of priority set forth in Section 2.11(e) of the Credit Agreement.

ARTICLE VII

REMEDIES OF THE AGENT
UPON AN EVENT OF DEFAULT

SECTION 7.01 Remedies with Respect to Collateral. (a) Remedies Available. Upon the occurrence of any Event of Default and at any time thereafter so long as the same shall be continuing, the Agent may, and upon the written instructions of the Required Lenders, the Agent shall, after the unpaid principal of all Advances then outstanding shall have become due and payable, do one or more of the following to the extent permitted by, and subject to compliance with the mandatory requirements of, applicable law then in effect; provided, however, that during any period an Aircraft is subject to the CRAF Program in accordance with the provisions of Section 5.02(a), the Agent shall not, on account of any Event of Default, be entitled to exercise any of the remedies specified in the following clause (i) in such manner as to limit American's control under this Security Agreement (or any lessee's control under any lease permitted by the terms of this Security Agreement) of such 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 government of the United States of America) prior written notice of default hereunder shall have been given by the Agent by registered or certified mail to American (or any such lessee) with a copy addressed to the Contracting Officer Representative or other appropriate person for the Military Airlift Command of the United States Air Force under any contract with American (or any such lessee) relating to the Aircraft:

(i) cause American, upon the written demand of the Agent, at American's expense, to deliver promptly, and American shall deliver promptly, all or such part of the Collateral as the Agent may so demand to the Agent or its order, or, if American shall have failed to so return the Collateral after such demand, the Agent, at its option, may enter upon the premises where all or any part of any Airframe is or any Engines are located and take immediate possession of and remove such Airframe or Engines (together with any engine which is not an Engine but which is installed on an Airframe, subject to all of the rights of the owner, lessor, lienor or secured party of such engine; provided that an 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 of America or, if such Airframe is located in a country other than the United States of America, then to a location within such country or to the United States of America, and such engine shall be held for the account of any such owner, lessor, lienor or secured party or, if owned by American, may, at the option of the Agent, be

exchanged with American for an Engine in accordance with the provisions of Section 5.05(a)) and American shall comply therewith; or

(ii) sell all or any part of any Airframe and any Engine at public or private sale, whether or not the Agent shall at the time have possession thereof, as the Agent may determine, or otherwise dispose of, hold, use, operate, lease to others or keep idle all or any part of any Airframe or any Engine as the Agent, in its sole discretion, may determine, free and clear of any rights of American, and the proceeds of such sale or other disposition shall be applied in the order of priorities referred to in Section 6.01; or

(iii) seize any funds held in and/or Permitted Investments credited to the Cash Collateral Account and apply such funds and/or Permitted Investments and any proceeds thereof in the order of priorities referred to in Section 6.01; or

(iv) exercise any other remedy of a secured party under the Uniform Commercial Code as in effect in the State of New York (whether or not in effect in the jurisdiction in which enforcement is sought) or by any other applicable law or proceed by appropriate court action to enforce the terms or to recover damages for the breach hereof.

Upon every taking of possession of Collateral under this Section 7.01, the Agent may, from time to time, at the expense of the Collateral and American, make all such expenditures for maintenance, insurance, repairs, replacements, alterations, additions and improvements to and of the Collateral, as it may reasonably deem proper. In each such case, the Agent shall have the right to maintain, use, operate, store, lease, control or manage the Collateral and to exercise all rights and powers of American relating to the Collateral in connection therewith, as the Agent shall deem best, including the right to enter into any and all such agreements with respect to the maintenance, insurance, use, operation, storage, leasing, control, management or disposition of the Collateral or any part thereof as the Agent may reasonably determine; and the Agent shall be entitled to collect and receive directly all tolls, rents, revenues, issues, income, products, proceeds and profits of the Collateral and every part thereof. Such tolls, rents, revenues, issues, income, products, proceeds and profits shall be applied to pay the expenses of use, operation, storage, leasing, control, management or disposition of the Collateral, and of all maintenance, repairs, replacements, alterations, additions and improvements, and to make all payments which the Agent may be required or may elect to make, if any, for insurance or other proper charges assessed against or otherwise imposed upon the Collateral or any part thereof, and all other payments which the Agent may be required or expressly authorized to make under any provision of this Security Agreement, as well as just and reasonable compensation for the services of the Agent, and shall otherwise be applied in accordance with the provisions of Article VI.

In addition, American shall be liable, without duplication of any amounts payable hereunder, for all legal fees and disbursements and other costs and expenses incurred by reason of the occurrence of any Event of Default or the exercise of the Agent's remedies with respect thereto, including all costs and expenses incurred in connection with the retaking, return or sale of any Airframe or any Engine in accordance with the terms hereof or under the Uniform Commercial Code of the State of New York, which amounts shall, until paid, be secured by the Lien of this Security Agreement.

To the extent permitted by applicable law, American irrevocably appoints, while an Event of Default has occurred and is continuing, the Agent the true and lawful attorney-in-fact of American (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 Security Agreement, 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, American 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 Agent or any purchaser, American shall ratify and confirm any such sale, assignment or transfer of delivery, by executing and delivering to the Agent or such purchaser all bills of sale, assignments, releases and other proper instruments to effect such ratification and confirmation as my be designated in any such request.

If an Event of Default shall have occurred and be continuing and the unpaid principal of all Advances then outstanding shall have become due and payable and the Agent shall be entitled to exercise rights hereunder, at the request of the Agent, American shall promptly execute and deliver to the Agent such instruments of title and other documents as the Agent may deem necessary or advisable to enable the Agent or an agent or representative designated by the Agent, at such time or times and place or places as the Agent may specify, to obtain possession of all or any part of the Collateral to which the Agent shall at the time be entitled hereunder. If American shall for any reason fail to execute and deliver such instruments and documents after such request by the Agent, the Agent may obtain a judgment conferring on the Agent the right to immediate possession and requiring American to execute and deliver such instruments and documents to the Agent, to the entry of which judgment American hereby specifically consents to the fullest extent it may lawfully do so.

Nothing in the foregoing shall affect the right of any Secured Party to receive all amounts owing to such Secured Party as and when the same may be due.

(b) Notice of Sale. The Agent shall give American at least 30 days' prior notice of any public sale or of the date on or after which any private sale will be held, which notice American hereby agrees is reasonable notice.

SECTION 7.02 Remedies Cumulative. To the extent permitted by applicable law, each and every right, power and remedy herein specifically given to the Agent or otherwise in this Security 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, by statute or by the Financing Documents, and each and every right, power and remedy whether specifically herein given or otherwise existing may be exercised from time to time and as often and in such order as may be deemed expedient by the Agent, 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 Agent 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 American or to be an acquiescence therein.

SECTION 7.03 Discontinuance of Proceedings. In case the Agent shall have instituted any proceeding to enforce any right, power or remedy under this Security Agreement 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 Agent, then and in every such case American and the Agent 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 Agent shall continue, as if no such proceedings had been undertaken (but otherwise without prejudice).

SECTION 7.04 Waiver of Past Defaults. Upon written instructions from the Required Lenders, the Agent 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 this Security Agreement and the other Financing 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 all of the Secured Parties, the Agent shall not waive any default (a) in the payment of principal of or interest on any Advance outstanding (other than with the consent of the holder thereof) or in the payment of any facility fees (other than with the consent of the issuer thereof) or (b) in respect of a covenant or provision hereof which, under Section 9.01 of the Credit Agreement, cannot be modified or amended without the consent of each Secured Party.

SECTION 7.05 Quiet Enjoyment. Notwithstanding anything herein or in any other Financing Document to the contrary, so long as no Event of Default shall have occurred and be continuing, the Agent shall not take any action contrary to, or otherwise in any way interfere with or disturb, the quiet enjoyment of the possession and use of any Aircraft, any Airframe or any Engine by American or any transferee of any interest in any thereof permitted hereby.

ARTICLE VIII

THE AGENT

SECTION 8.01 General. The provisions of Article VIII of the Credit Agreement shall inure to the benefit of the Agent in respect of this Security Agreement and shall be binding upon the parties to the Credit Agreement in such respect. In furtherance and not in derogation of the rights, privileges and immunities of the Agent therein set forth:

(A) The Agent is authorized to take all such action as is provided to be taken by it as Agent hereunder and all other action reasonably incidental thereto. As to any matters not expressly provided for herein (including, without limitation, the timing and methods of realization upon the Collateral) the Agent shall act or refrain from acting in accordance with written instructions from the Required Lenders or, in the absence of such instructions, in accordance with its discretion.

(B) The Agent shall not be responsible for the existence, genuineness or value of any of the Collateral or for the validity, perfection, priority or enforceability of the security interests in any of the Collateral, whether impaired by operation of law or (in the absence of its gross negligence or willful misconduct) by reason of any action or omission to act on its part hereunder. The Agent shall have no duty to ascertain or inquire as to the performance or observance of any of the terms of this Security Agreement by American.

SECTION 8.02 Appointment of Co-Agents. At any time or times, in order to comply with any legal requirement in any jurisdiction, the Agent may appoint another bank or trust company or one or more other persons, either to act as co-agent or co-agents, jointly with the Agent, or to act as separate agent or agents on behalf of the Secured Parties with such power and authority as may be necessary for the effectual operation of the provisions hereof and may be specified in the instrument of appointment (which may, in the discretion of the Agent, include provisions for the protection of such co-agent or separate agent similar to the provisions of Section 8.01).

ARTICLE IX

CERTAIN COVENANTS

SECTION 9.01 Certain Changes. American will not (a) change its name or identity in any manner, (b) cease to be a corporation or (c) change the location of its chief executive office or chief place of business from the applicable location described herein unless it shall have given the Agent prior notice thereof and, at its cost and expense, caused to be delivered to the Secured Parties (x) an opinion of counsel, satisfactory to the Agent, to the effect that all financing statements and amendments or supplements thereto, continuation statements or other documents required to be recorded or filed under Article 9 of the Uniform Commercial Code as in effect in the relevant states in order to continue the perfection of the security interests created hereunder for a period, specified in such opinion, continuing until a date not earlier than eighteen months from the date of such opinion, have been filed in each filing office necessary for such purpose and that all filing fees and taxes, if any, payable in connection with such filings have been paid in full, and (y) an opinion of counsel, satisfactory to the Agent, to the effect that all filings with the FAA have been made as are necessary to continue the perfection and protection of the Agent's security interest hereunder in the Aircraft.

SECTION 9.02 Further Assurances. American will, from time to time, at its expense, execute, deliver, file and record any statement, assignment, instrument, document, agreement or other paper, and take any other action, that from time to time may be necessary, or that the Agent may reasonably request, in order to create, preserve, perfect, confirm or validate the security interests created hereunder or to enable the Agent and the Secured Parties to obtain the full benefits of this Security Agreement, or to enable the Agent to exercise and enforce any of its rights, powers and remedies hereunder with respect to any of the Collateral. To the extent permitted by applicable law, American hereby authorizes the Agent to execute and file financing statements or continuation statements without American's signature appearing thereon. American shall pay the costs of, or incidental to, any recording or filing, including without limitation any filing of financing or continuation statements, concerning the Collateral.

SECTION 9.03 Additional Information. American will, promptly upon request, provide to the Agent all information and evidence it may reasonably request concerning the Collateral to enable the Agent to enforce the provisions of this Security Agreement.

ARTICLE X

SUPPLEMENTS AND AMENDMENTS TO THIS SECURITY AGREEMENT AND OTHER DOCUMENTS

SECTION 10.01 Supplemental Security Agreements. With the written consent of the requisite percentage of Secured Parties required by the Credit Agreement, American may, and the Agent shall, at any time and from time to time, enter into an amendment or amendments hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Security Agreement or modifying in any manner the rights and obligations of the Secured Parties and of American under this Security Agreement.

ARTICLE XI

INVESTMENT OF SECURITY FUNDS

SECTION 11.01 Investment of Security Funds. Any monies paid to or retained by the Agent that are required to be paid to American or applied for the benefit or at the direction of American (including, without limitation, amounts payable to American under Sections 5.05(b), 5.05(d) and 5.06(d); provided, however, that amounts relating to the Cash Collateral Account shall be governed solely by the provisions of Section 3.01), but which the Agent is entitled to hold under the terms hereof pending the occurrence of some event or the performance of some act (including, without limitation, the remedying of an Event of Default), shall, until paid to American or applied as provided herein, be invested by the Agent at the written authorization and direction of American from time to time at the sole expense and risk of American in Permitted Investments. There shall be promptly remitted to American any gain (including interest received) realized as the result of any such investment (net of any fees, commissions and other expenses, if any, incurred in connection with such investment) unless a Payment Default, Bankruptcy Default or Event of Default shall have occurred and be continuing. If any such Default or Event of Default shall have occurred and be continuing, the Agent shall hold any such gain as security for the obligations of American hereunder and apply it against such obligations as and when due and at such time as there shall not be continuing any such Default or Event of Default such amount, to the extent not previously so applied against American's obligations, shall be paid to American.

SECTION 11.02 Liability for Losses. Except to the extent provided in Section 8.02 of the Credit Agreement, the Agent shall not be liable for any loss relating to a Permitted Investment made pursuant to this Article XI or pursuant to Section 3.01. American will promptly pay to the Agent, on demand, for deposit in the Cash Collateral Account, the amount of any loss for which the Agent is not liable realized as the result of any such investment (together with any fees, commissions and other expenses, if any, incurred in connection with such investment).

ARTICLE XII

MISCELLANEOUS

SECTION 12.01 Termination of Security Agreement. Upon the payment in full of the principal of, and interest on, all Advances and all other amounts owing under any Financing Document, and the termination of all Commitments under the Credit Agreement, the Agent shall, upon the written request of American, execute and deliver to, or as directed in writing by, and at the expense of, American an appropriate instrument (in due form for recording) releasing all the Aircraft and the balance of the Collateral from the Lien of this Security Agreement and, in such event, this Security Agreement shall terminate and this Security Agreement shall be of no further force or

effect, except that the indemnities and releases provided for herein shall survive any such termination. Except as otherwise provided above, this Security Agreement shall continue in full force and effect in accordance with the terms hereof.

SECTION 12.02 No Legal Title to Collateral in Secured Parties. No Secured Party shall have legal title to any part of the Collateral. No transfer, by operation of law or otherwise, of any right, title and interest of a Secured Party in and to the Collateral or this Security Agreement shall operate to terminate this Security Agreement or the trusts hereunder or entitle any successor or transferee of such Secured Party to an accounting or to the transfer to it of legal title to any part of the Collateral.

SECTION 12.03 Benefit of Security Agreement. Nothing in this Security Agreement, whether express or implied, shall be construed to give to any Person other than American, the Agent and the Secured Parties or the other Indemnified Persons any legal or equitable right, remedy or claim under or in respect of this Security Agreement.

SECTION 12.04 Performance and Rights. Any obligation imposed on American herein shall require only that American 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 Financing Documents shall constitute performance by American and to the extent of such performance, discharge such obligation by American. Except as otherwise expressly provided herein, any right granted to American in this Security Agreement shall grant American 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 Security Agreement 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 Security Agreement.

SECTION 12.05 Notices. Unless otherwise expressly specified or permitted by the terms hereof, all notices required or permitted under the terms and provisions hereof shall be in English and in writing, and any such notice may be given by United States mail, courier service or facsimile (confirmed by telephone or in writing in the case of notice by facsimile) or any other customary means of communication, and any such notice shall be effective when delivered (or, if mailed, ten Business Days after deposit, postage prepaid, in the first class United States mail) (a) if to American to its address or number set forth below its signature at the foot of this Security Agreement, or (b) if to the Agent or any Lender, to its address set forth in the Credit Agreement.

SECTION 12.06 Severability. Should any one or more provisions of this Security Agreement be determined to be illegal or unenforceable by a court of any jurisdiction, such provision shall be ineffective to the extent of such illegality or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

SECTION 12.07 Separate Counterparts. This Security 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 Security Agreement including a signature page executed by each of the parties hereto shall be an original counterpart of this Security Agreement, but all of such counterparts together shall constitute one instrument.

SECTION 12.08 Successors and Assigns. All covenants and agreements contained herein shall be binding upon, and inure to the benefit of, American and its successors and assigns permitted under the Credit Agreement, and the Agent and its successors and permitted assigns, and the Secured Parties and their successors and permitted assigns, all as herein provided. Any request, notice, direction, consent, waiver or other instrument or action by a Secured Party (unless withdrawn by such Secured Party or successor or assign prior to it being acted upon by the Agent) shall bind the successors and assigns of such Secured Party.

SECTION 12.09 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 12.10 Governing Law. THIS SECURITY AGREEMENT IS BEING DELIVERED IN THE STATE OF NEW YORK AND THIS SECURITY AGREEMENT AND ANY SECURITY AGREEMENT SUPPLEMENT SHALL IN ALL RESPECTS, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK AS APPLIED TO CONTRACTS MADE AND PERFORMED WITHIN THE STATE OF NEW YORK.

SECTION 12.11 Normal Commercial Relations. Anything contained in this Security Agreement to the contrary notwithstanding, American, any Secured Party or the Agent or any Affiliate of American, any Secured Party or the Agent may enter into commercial banking or other financial transactions with each other, and conduct banking or other commercial relationships with each other, fully to the same extent as if this Security Agreement were not in effect, including, without limitation, the making of loans or other extensions of credit for any purpose whatsoever.

IN WITNESS WHEREOF, the parties hereto have caused this Security Agreement to be duly executed by their respective officers, as the case may be, thereunto duly authorized, as of the day and year first above written.

AMERICAN AIRLINES, INC.

By _____
Name:
Title:

Address: 4333 Amon Carter Boulevard
Fort Worth, Texas 76155
Attention: Vice President - Corporate
Development and Treasurer
Telecopy: (817) 967-4318

CITICORP USA, INC., as Collateral Agent

By _____
Name:
Title:

Address: Two Penns Way, Suite 110
New Castle, Delaware 19720
Attention: Bank Loan Syndications
Department - Elisabeth Wier
Telecopy: (212) 994-0961

DEFINITIONS RELATING TO THE SECURITY AGREEMENT

"ADVANCE" has the meaning set forth in Section 1.01 of the Credit Agreement.

"AFFILIATE", means, as to any Person, any other Person that, directly or indirectly controls, is controlled by or is under common control with such Person. For the purposes of this definition, the term "control" (including the terms "controlling", "controlled by" and "under common control with") of a Person means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of Voting Interests, by contract or otherwise.

"AGENT" has the meaning set forth in the introductory paragraph of this Security Agreement.

"AGGREGATE COLLATERAL VALUE" has the meaning set forth in Section 1.01 of the Credit Agreement.

"AIRCRAFT" means the Airframes (including any Replacement Airframe substituted for any such Airframe pursuant to Section 5.01(n) of the Credit Agreement) together with the Engines (including any Replacement Engine substituted for any of such Engines pursuant to Section 5.01(n) of the Credit Agreement), described in Schedule 1 to this Security Agreement or a Security Agreement Supplement executed and delivered under Section 5.01(n) of the Credit Agreement, 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.

"AIRCRAFT VALUE" has the meaning set forth in Section 1.01 of the Credit Agreement.

"AIRFRAME" means (a) each of the aircraft (except the Engines or engines from time to time installed thereon) subjected to the Lien of this Security Agreement and identified on Schedule 1 to this Security Agreement or a Security Agreement Supplement executed and delivered under Section 5.01(n) of the Credit Agreement, and (b) any and all Parts so long as the same shall be incorporated or installed in or attached to such aircraft or so long as the same shall be subject to the Lien of this Security Agreement in accordance with the terms of Section 5.04 hereof after removal from such aircraft. The term "AIRFRAME" shall include any Replacement Airframe which may from time to time be substituted pursuant to Section 5.01(n) of the Credit Agreement. At such time as a Replacement Airframe shall be so substituted and the Airframe for which the substitution is made shall be released from the Lien of this Security Agreement, such replaced Airframe shall cease to be an Airframe under this Security Agreement.

"AMERICAN" means American Airlines, Inc., a Delaware corporation, and, subject to the provisions of the Credit Agreement, its successors and permitted assigns.

"BANKRUPTCY DEFAULT" means any event which, with the giving of notice, lapse of time or both, would become an Event of Default under Section 6.01 (f) of the Credit Agreement.

"CASH COLLATERAL ACCOUNT" has the meaning set forth in Section 3.01 of this Security Agreement.

"CODE" means the United States Internal Revenue Code of 1986, as amended.

"COLLATERAL" has the meaning set forth in Article II of this Security Agreement.

"COMMITMENT" has the meaning set forth in Section 1.01 of the Credit Agreement.

"CRAF PROGRAM" means the Civil Reserve Air Fleet Program authorized under 10 U.S.C. ss.9511 et seq. or any similar or substitute program under the laws of the United States.

"CREDIT AGREEMENT" has the meaning set forth in the recitals to this Security Agreement.

"DEFAULT" has the meaning set forth in Section 1.01 of the Credit Agreement.

"DEPARTMENT OF TRANSPORTATION" means the United States Department of Transportation and any agency or instrumentality of the United States government succeeding to its functions.

"DOLLARS" and "$" mean the lawful currency of the United States of America.

"BUSINESS DAY" has the meaning set forth in Section 1.01 of the Credit Agreement.

"ENGINE" means (a) each of the engines listed by manufacturer's serial numbers on Schedule 1 to this Security Agreement and subjected to the Lien of this Security Agreement pursuant to this Security Agreement or a Security Agreement Supplement executed and delivered under Sections 5.01(n) of the Credit Agreement, whether or not from time to time installed on any 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 such Engine pursuant to Section 5.01(n) of the Credit Agreement; together, in each case, with any and all Parts so long as the same shall be incorporated or installed therein or attached thereto or so long as the same shall be subject to the Lien of this Security Agreement in accordance with the terms of Section 5.04 hereof after removal from any such engine. 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 this Security Agreement, such replaced Engine shall cease to be an Engine under this Security Agreement.

"EVENT OF DEFAULT" has the meaning set forth in Section 6.01 of the Credit Agreement.

"EVENT OF LOSS" means, with respect to any property, any of the following events with respect to such property: (i) loss of such property or the use thereof due to theft, disappearance, destruction, damage beyond repair or rendition of such property permanently unfit for normal use for any reason whatsoever; (ii) any damage to such property which results in an insurance settlement with respect to such property on the basis of a total loss or constructive total loss; (iii) the condemnation, confiscation or seizure of, or requisition of title to, or use of, such property (other than a requisition for use of an Aircraft by the United States government); (iv) as a result of any rule,

regulation, order or other action by the FAA, the Department of Transportation or other governmental body of the United States of America or other country of registry of an Aircraft having jurisdiction, the use of such property in the normal course of passenger air transportation of persons shall have been prohibited for a period of six consecutive months, unless such rule, regulation, order or other action shall have prohibited such use with respect to all aircraft of identical make and model registered in the applicable jurisdiction or unless it can be reasonably expected that American (or any Permitted Lessee), prior to the expiration of such six-month period, shall be able to return such property to normal use and American (or any Permitted Lessee) have undertaken, prior to the expiration of such six-month period, all steps that are necessary to permit the normal use of such property by American (or any Permitted Lessee) or, in any event, if such use shall have been prohibited for a period of nine consecutive months; (v) the operation or location of an Aircraft, while under requisition for use by any government, in any area excluded from coverage by any insurance policy in effect with respect to an Aircraft required by the terms of Section 5.06 of this Security Agreement, unless American shall have obtained indemnity in lieu thereof from such government; (vi) the theft or disappearance of such property for a period in excess of 180 days; or (vii) 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 5.02(a)(vii) of the Security Agreement. An Event of Loss with respect to an Aircraft shall be deemed to have occurred if an Event of Loss occurs with respect to the Airframe of such Aircraft unless American elects to substitute a Replacement Airframe pursuant to Section 5.01(n)(v) of the Credit Agreement.

"FAA" means the United States Federal Aviation Administration and any agency or instrumentality of the United States government succeeding to its functions.

"FINANCING DOCUMENTS" means the Credit Agreement, the Notes, the Collateral Documents and the Parent Guaranty.

"INTERESTS" has the meaning set forth in Section 5.06 of this Security Agreement.

"LENDER" has the meaning set forth in Section 1.01 of the Credit Agreement.

"LIEN" has the meaning set forth in Section 1.01 of the Credit Agreement.

"NOTES" has the meaning set forth in Section 1.01 of the Credit 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 American and (c) cargo containers) so long as the same shall be incorporated or installed in or attached to an Airframe or any Engine or so long as the same shall be subject to the Lien of this Security Agreement in accordance with the terms of Section 5.04 hereof after removal from such Airframe or any such Engine.

"PAYMENT DEFAULT" means any event which with the lapse of time would become an Event of Default under Section 6.01(a) of the Credit Agreement.

"PERMITTED AIR CARRIER" has the meaning set forth in Section 5.02(a)(i) of this Security Agreement.

"PERMITTED COUNTRY" means each of Argentina, Australia, Austria, Bahamas, Belgium, Bermuda Islands, British Virgin Islands, Canada, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Japan, Liechtenstein, Luxembourg, Monaco, Netherlands, New Zealand, Norway, Portugal (including Azores), Singapore, Spain (including Canary Islands), Sweden, Switzerland, United Kingdom and Uruguay.

"PERMITTED INVESTMENTS" has the meaning set forth in Section 1.01 of the Credit Agreement.

"PERMITTED LESSEE" means any (a) U.S. Air Carrier, (b) foreign air carrier that is principally based in and a domiciliary of a Permitted Country, or (c) foreign air carrier not described in clause (b) above, if, at the time American enters into a lease with such foreign air carrier, the Agent receives an opinion from counsel to American (which counsel shall be reasonably satisfactory to the Agent) to the effect that (i) there exist no possessory rights in favor of such lessee under the laws of such lessee's country which would, upon bankruptcy or insolvency of or other default by American and assuming that at the time of such bankruptcy, insolvency or other default by American, such lessee is not insolvent or bankrupt, prevent the return of an Engine or an Airframe and each Engine or engine subject to such lease to the Agent in accordance with and when permitted by the terms of Section 7.01 of this Security Agreement upon the exercise by the Agent of its remedies thereunder and (ii) the terms of this Security Agreement are legal, valid, binding and enforceable in the country in which such foreign air carrier is principally based (subject to customary exceptions); provided that in the case of any such foreign air carrier referred to in clause (b) or (c) above (other than a foreign air carrier principally based in Taiwan), the United States of America maintains full diplomatic relations with the country in which such foreign air carrier is principally based at the time such lease is entered into and such foreign 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.

"PERMITTED LIENS" has the meaning set forth in Section 1.01 of the Credit Agreement.

"PERSON" means an individual, partnership, corporation, business trust, limited liability company, joint stock company, trust, unincorporated association, joint venture or other entity, or a government or any political subdivision or agency thereof.

"PURCHASE AGREEMENT" means, with respect to any Aircraft, the purchase agreement set forth on Schedule 1 for such Aircraft, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

"REPLACEMENT AIRCRAFT" means any Unencumbered Stage 3 Aircraft of which a Replacement Airframe is part.

"REPLACEMENT AIRFRAME" means an airframe (except Engines or engines from time to time installed thereon) constituting part of an Aircraft, which is to be made subject to the Lien of this Security Agreement pursuant to Section 5.01(n) of the Credit Agreement, together with all Parts relating to such aircraft.

"REPLACEMENT ENGINE" means an engine of make and model suitable for use on any Airframe, which shall have been made subject to the Lien of this Security Agreement pursuant to Section 5.01(n) of the Credit Agreement, together with all Parts relating to such engine.

"REQUIRED LENDERS" has the meaning set forth in Section 1.01 of the Credit Agreement.

"REQUIRED COLLATERAL AMOUNT" has the meaning set forth in Section 1.01 of the Credit Agreement.

"RESPONSIBLE OFFICER" means any senior executive officer, senior accounting officer or treasurer of American, or any vice president, director or managing director of American having responsibility for the administration of this Agreement.

"SECURED OBLIGATIONS" means (i) all principal of and interest (including, without limitation, any interest which accrues after the commencement of any case, proceeding or other action relating to the bankruptcy, insolvency or reorganization of American) on any Advance under, or any note issued pursuant to, the Credit Agreement, (ii) all other amounts payable by American hereunder or under the Financing Documents and (iii) any renewals or extensions of any of the foregoing, including, in each case, any such amounts whether or not allowed or allowable as a claim in any bankruptcy, insolvency or reorganization proceeding of American.

"SECURITY AGREEMENT" means this Aircraft Security Agreement between American and the Agent, including all annexes, schedules, exhibits, appendices, supplements and Security Agreement Supplements hereto, all as amended, modified or supplemented in accordance with the applicable provisions hereof and thereof.

"SECURITY AGREEMENT SUPPLEMENT" means (a) Security Agreement Supplement, substantially in the form of Exhibit A to this Security Agreement and from time to time executed and delivered, which shall describe with particularity the Airframes and the Engines delivered in connection therewith and which creates a security interest in such Airframes and Engines and (b) any other supplement to this Security Agreement from time to time executed and delivered.

"SECURED PARTIES" means the Lenders and the Agent.

"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.

"UNIFORM COMMERCIAL CODE" means the Uniform Commercial Code as in effect, from time to time, in the State of New York; provided that, if perfection or the effect of perfection or non-perfection or the priority of any security interest in any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of New York, the "UNIFORM COMMERCIAL CODE" means the Uniform Commercial Code as in effect from time to time in such other jurisdiction for purposes of the provisions hereof relating to such perfection, effect of perfection or non-perfection or priority.

"U.S. AIR CARRIER" means any United States air carrier as to which there is in force a certificate issued pursuant to the Transportation Code (49 U.S.C. ss.41101-41112) or any successor provision that gives like authority.

"WARRANTY RIGHTS" means, with respect to any Aircraft, all right and interest of American in, to and under the product assurance provisions of the Purchase Agreement, but only to the extent the same relate to continuing rights of American in respect of any warranty or indemnity, express or implied, as to materials, workmanship or design with respect to the Airframe, it being understood that the Warranty Rights exclude any and all other right, title and interest of American in, to and under the Purchase Agreement.

SCHEDULE 1

Pledged Unencumbered Stage 3 Aircraft

Type	Year of Mfr.	Reg. Number

American Airlines - Aircraft Security Agreement

SCHEDULE 2

Legal Name	Chief Executive Office	Type of Organization	Jurisdiction of Organization	Organizational Identification #

American Airlines - Aircraft Security Agreement

EXHIBIT A

SECURITY AGREEMENT SUPPLEMENT NO.___

Security Agreement Supplement No. __, dated _____, 20__ ("SECURITY AGREEMENT SUPPLEMENT") between AMERICAN AIRLINES, INC. ("AMERICAN") and CITICORP USA, INC., not in its individual capacity but solely as Agent under the Security Agreement (each as hereinafter defined).

W I T N E S S E T H:

WHEREAS, the Aircraft Security Agreement, dated as of December 17, 2004 (as amended, modified or supplemented from time to time, the "SECURITY AGREEMENT"), among American, AMR Corporation, the banks, financial institutions and other institutional lenders party thereto, Citicorp USA, Inc., as Agent (the "AGENT"), JPMorgan Chase Bank, N.A., as Syndication Agent and Citigroup Global Markets Inc. and J.P. Morgan Securities Inc., as Joint Lead Arrangers and Joint Book-Running Managers, provides for the execution and delivery of supplements thereto substantially in the form hereof which shall particularly describe the Aircraft (such term and other defined terms in the Security Agreement being used herein with the same meanings), and shall specifically grant a security interest in the Aircraft to the Agent for the security and benefit of the Secured Parties; and

WHEREAS, [American has, as provided in the Security Agreement, heretofore executed and delivered to the Agent Security Agreement Supplement(s) for the purpose of specifically subjecting to the Lien of the Security Agreement certain airframes and/or engines therein described, which Security Agreement Supplement(s) and]o the Security Agreement are dated and have been duly recorded with the FAA as set forth below, to wit:

Date	Recordation Date	FAA Document Number

- ----------
- - Use if there has been any other Security Agreement Supplement executed and delivered previously.

NOW, THEREFORE, to secure the prompt and complete payment (whether at the stated maturity, by acceleration or otherwise), of the Secured Obligations, and in consideration of the premises and of the covenants contained in the Security Agreement and the other Financing Documents, and of other good and valuable consideration given to American by the Agent and the Secured Parties at or before the delivery hereof, the receipt of which is hereby acknowledged, American has granted, bargained, sold, conveyed, transferred, mortgaged, assigned, pledged and confirmed, and does hereby grant, bargain, sell, convey, transfer, mortgage, assign, pledge and confirm, unto the Agent and its permitted successors and assigns, for the security and benefit of the Agent and the Secured Parties, a security interest in, and mortgage lien on, all estate, right, title and interest of American in, to and under, all and singular, each Airframe and Engine described in Annex A attached hereto, whether or not any such Engine shall be installed on any Airframe or any other airframe of any other aircraft, and, to the extent provided in the Security Agreement, all substitutions and replacements of and additions, improvements, accessions and accumulations to the Aircraft, any Airframe, the Engines and any and all Parts relating thereto;

To have and to hold all and singular the aforesaid property unto the Agent, its permitted successors and assigns, forever, in trust, upon the terms and trusts set forth in the Security Agreement, for the benefit, security and protection of the Secured Parties from time to time, and for the uses and purposes and subject to the terms and provisions set forth in the Security Agreement.

This Security Agreement Supplement shall be construed as supplemental to the Security Agreement and shall form a part thereof, and the Security Agreement is hereby incorporated by reference herein and is hereby ratified, approved and confirmed and terms not otherwise defined herein shall have the meanings provided in the Security Agreement.

THIS SECURITY AGREEMENT SUPPLEMENT IS BEING DELIVERED IN THE STATE OF NEW YORK AND SHALL IN ALL RESPECTS, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK AS APPLIED TO CONTRACTS MADE AND PERFORMED WITHIN THE STATE OF NEW YORK.

IN WITNESS WHEREOF, the undersigned have caused this Security Agreement Supplement No. __ to be duly executed by their respective officers thereunto duly authorized, on the day and year first above written.

AMERICAN AIRLINES, INC.

By:_____
Name:
Title:

CITICORP USA, INC., as Collateral Agent

By:_____
Name:
Title:

DESCRIPTION OF AIRFRAMES AND ENGINE(1)

Airframe Manufacturer	Airframe Model	FAA Registration No.	Airframe Manufacturer's Serial No.	Engine Manufacturer	Engine Model	Engine Manufacturer's Serial No.

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(1) Each Engine is of 750 or more "rated take-off horsepower" or the equivalent of such horsepower.

EXHIBIT E

EXECUTION COPY

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SLOT, GATE AND ROUTE SECURITY AND PLEDGE AGREEMENT

Dated as of December 17, 2004

from

AMERICAN AIRLINES, INC.,

as Grantor

to

CITICORP USA, INC.,

as Collateral Agent

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SLOT, GATE AND ROUTE SECURITY AND PLEDGE AGREEMENT

This SLOT, GATE AND ROUTE SECURITY AND PLEDGE AGREEMENT, dated as of December 17, 2004 (this "AGREEMENT"), is made by AMERICAN AIRLINES, INC., a Delaware corporation, as grantor hereunder (in such capacity, the "GRANTOR") to CITICORP USA, INC., acting as collateral agent (in such capacity, the "COLLATERAL AGENT") for the benefit of the Secured Parties (as hereafter defined).

W I T N E S S E T H:

WHEREAS, in connection with the execution and delivery of this Agreement, the Grantor is entering into a Credit Agreement dated as of the date hereof (as amended, amended and restated, supplemented or otherwise modified from time to time, the "CREDIT AGREEMENT"; capitalized terms used but not otherwise defined herein or in Section 16 hereof shall have the meanings ascribed thereto under the Credit Agreement) among the Grantor, as borrower, the Parent Guarantor, the Agent and the Lenders from time to time party thereto; and

WHEREAS, it is a condition precedent to the making of Advances by the Lenders under the Credit Agreement from time to time that the Grantor shall have granted a security interest in, pledge of and lien on the Collateral as contemplated by this Agreement;

NOW, THEREFORE, in consideration of the premises and in order to induce the Lenders to make Advances from time to time, the Grantor hereby agrees with the Collateral Agent for the ratable benefit of the Secured Parties as follows:

Section 1. PLEDGE. The Grantor hereby pledges to the Collateral Agent and grants to the Collateral Agent, in each case for the ratable benefit of the Secured Parties, a security interest in all of the Grantor's right, title and interest in and to the following, in each case, as to each type of property described below, whether now owned or hereafter acquired by the Grantor, and whether now or hereafter existing or arising (as limited by the last two sentences of this Section 1, hereinafter, the "Collateral"):

(a) each and every Narita Route of the Grantor;

(b) each and every Slot of the Grantor;

(c) each and every Narita Slot of the Grantor;

(d) each and every Gate Leasehold of the Grantor;

(e) each and every Supporting Route Facility of the Grantor; and

(f) all Proceeds of any kind of any and all of the foregoing (including, without limitation, in the cases of the rights, title and interests in property of the type listed in (a), (b), (c), (d) and (e), above, the proceeds (of any kind) received or to be received by the Grantor upon the transfer or other disposition of such rights, title and interests notwithstanding whether the pledge

and grant of the security interest in such rights, title and interest is legally effective under applicable law).

Any other provision in this Agreement to the contrary notwithstanding, (1) if a Transfer Restriction would be applicable to the creation of a security interest in any of the right, title or interest described in clauses (b) through (f) of the first sentence of this Section 1, such right, title or interest shall not be subject to the security interest created by this Agreement and shall not be treated as Collateral for purposes hereof and (2) if any Transfer Restriction applies to the transfer or assignment of (but not the creation of a security interest in) any of the property referred to in the preceding clause (1) or in clause (a) of the first sentence of this Section 1, any provision of this Agreement permitting the Collateral Agent to cause the Grantor to transfer or assign to it or any other person any of the Grantor's right, title or interest rights in any such Collateral (and any right the Collateral Agent may have under applicable law to do so by virtue of the security interest granted to it under this Agreement) shall be subject to such Transfer Restriction; provided, however, that following an Event of Default, at the direction of the Collateral Agent, (a) the Grantor shall be required to take all necessary steps to obtain all government and third party approvals and consents in order to transfer the Narita Routes and the Narita Slots and (b) the Grantor shall use its reasonable best efforts to obtain any and all approvals and consents required for the transfer of the Slots, Gate Leaseholds and Supporting Route Facilities. For purposes of this Section, "TRANSFER RESTRICTION" means any restriction or consent requirement relating to the transfer or assignment by the Grantor of, or the grant by the Grantor of a security interest in, any right, title or interest in any type of property or any claim, right or benefit arising thereunder or resulting therefrom, if an attempted transfer or assignment thereof (or the grant of a security interest therein) without the consent of any third party would constitute a violation of the terms under which the Grantor was granted such right, title or interest (or the Grantor's interest in any agreement or license related thereto), entitle any Governmental Authority or third party to terminate or suspend any such right, title or interest (or the Grantor's interest in any agreement or license related thereto), or violate any applicable law, rule or regulation, except, in any case, to the extent such "Transfer Restrictions" shall be rendered ineffective by virtue of Sections 9-406, 9-407, 9-408 or 9-409 of the Uniform Commercial Code as in effect, from time to time, in the State of New York, to the extent applicable (or any corresponding sections of the Uniform Commercial Code in a jurisdiction other than the State of New York to the extent applicable).

Section 2. SECURITY FOR OBLIGATIONS. This Agreement secures the payment of all Obligations of the Grantor now or hereafter existing under the Financing Documents, whether direct or indirect, absolute or contingent, and whether for principal, reimbursement obligations, interest, fees, premiums, penalties, indemnifications, contract causes of action, costs, expenses or otherwise (all such Obligations being the "SECURED OBLIGATIONS").

Section 3. NO RELEASE. Nothing set forth in this Agreement shall relieve the Grantor from the performance of any term, covenant, condition or agreement on the Grantor's part to be performed or observed under or in respect of any of the Collateral or from any liability to any Person under or in respect of any of the Collateral or impose any obligation on the Collateral Agent or any Secured Party to perform or observe any such term, covenant, condition or agreement on the Grantor's part to be so performed or observed or impose any liability on the Collateral Agent or any Secured Party for any act or omission on the part of the Grantor relating thereto or for any breach of any representation or warranty on the part of the Grantor contained

in this Agreement, or in respect of the Collateral or made in connection herewith or therewith. This Section shall survive the termination of this Agreement and the discharge of the Grantor's other obligations hereunder and under the Financing Documents.

Section 4. REPRESENTATIONS, WARRANTIES, AND COVENANTS. The Grantor represents, warrants and covenants as follows:

(a) FILINGS. Assuming that the Grantor's rights in the Collateral constitute general intangibles or proceeds thereof, upon the filing of a Uniform Commercial Code financing statement describing such Collateral in the State of Delaware, all filings, registrations and recordings necessary under New York or Delaware to create, preserve, protect and perfect the security interest granted by the Grantor to the Collateral Agent hereby in respect of the Collateral in which the Grantor is permitted by applicable law or contract to grant a security interest have been accomplished and the security interest granted to the Collateral Agent for the benefit of the Secured Parties pursuant to this Agreement in and to the Collateral (x) constitutes, and hereinafter will constitute, a perfected security interest therein superior and prior to the rights of all other Persons therein (and subject to the authority of the DOT to amend or withdraw the Narita Routes pursuant to Title 49 and/or the authority of the FAA to withdraw Slots pursuant to Title 49 and Title 14 and the rights of Foreign Aviation Authorities and the rights of other parties with respect to the Gate Leaseholds and Supporting Route Facilities) and subject to no other Liens other than Liens referred to in Section 5.02(a) of the Credit Agreement, and (y) is entitled to all the rights, priorities and benefits afforded by the Uniform Commercial Code as enacted in any relevant jurisdiction of the United States of America to perfected security interests.

(b) OWNERSHIP. The Grantor is, and as to Collateral acquired by it from time to time after the date hereof the Grantor will be, the holder of all of such Collateral free from any Lien (other than the Lien and security interests created by this Agreement or the Liens referred to in Section 5.02(a) of the Credit Agreement) and subject to Title 49, Title 14 and the rights of Foreign Aviation Authorities. The Grantor will, at or before the time it subjects any property to the Lien of this Agreement, cause evidence of its title to be duly recorded, filed, or filed for recording, to the extent permitted or required under any applicable law, by the Grantor as holder and owner. The Grantor shall defend the Collateral against any and all claims and demands of all Persons at any time claiming any interest therein adverse to the Collateral Agent or any Secured Party (other than Liens referred to in Section 5.02(a) of the Credit Agreement).

(c) NO COMPETING INTERESTS. There is no financing statement (or similar statement or instrument of registration under the law of any jurisdiction intended to provide notice of a Lien) covering or purporting to cover any interest of any kind in the Collateral, and so long as the Credit Agreement has not been terminated or any of the Secured Obligations remain unpaid, the Grantor shall not execute or authorize to be filed in any public office any financing statement (or similar statement or instrument of registration under the law of any jurisdiction intended to provide notice of a Lien), or statements relating to the Collateral, except financing statements filed or to be filed in respect of and covering the security interests granted hereby to the Collateral Agent.

(d) AS TO SLOTS.

(i) Set forth on Schedule 4(d) is a true, correct and complete list of the Grantor's Slots as of the date of this Agreement, which Schedule 4(d) shall be revised from time to time by the Grantor as provided for in Section 6(h)(i) of this Agreement.

(ii) The Grantor represents and warrants that it holds each of the Slots pursuant to authority granted by the FAA pursuant to Title 14 and that no violation by the Grantor of any terms, conditions or limitations of any rule or regulation of the FAA and DOT regarding such Slots or any applicable provisions of Title 49 and Title 14 has occurred that gives the FAA or the DOT the right to terminate, cancel, withdraw or modify, in any material respect, the rights of the Grantor in any such Slot.

(iii) The Grantor represents and warrants that it is utilizing the Slots in a manner consistent in all material respects with applicable laws, regulations and contracts in order to preserve its right to hold and operate the Slots, taking into account any waivers or other relief granted to the Grantor by the FAA. The Grantor has not received any notice from the FAA, and is not aware of any other event or circumstance, that would be reasonably likely to impair, in any material respect, its right to hold and operate the Slots.

(e) AS TO NARITA SLOTS.

(i) Set forth on Schedule 4(e) is a true, correct and complete list of the Grantor's Narita Slots as of the date of this Agreement, which Schedule 4(e) shall be revised from time to time by the Grantor as provided for in Section 6(h)(i) of this Agreement.

(ii) The Grantor represents and warrants that it holds the requisite authority and holds each of the Narita Slots pursuant to authority granted by the applicable Foreign Aviation Authorities and that no violation by the Grantor of any terms, conditions, or limitations of any rule or regulation of the applicable Foreign Aviation Authorities regarding such Narita Slots or any applicable provisions of foreign law has occurred that gives any Foreign Aviation Authorities the right to terminate, cancel, withdraw or modify, in any material respect, the rights of the Grantor in any such Narita Slot.

(iii) The Grantor represents and warrants that it is utilizing the Narita Slots in a manner consistent in all material respects with applicable foreign laws, regulations, and contracts in order to preserve its right to hold and operate the Narita Slots. The Grantor has not received any notice from any Foreign Aviation Authorities and is not aware of any other event or circumstance that would be reasonably likely to impair its right to hold and operate in any material respect the Narita Slots.

(f) AS TO GATE LEASEHOLDS.

(i) The Grantor represents and warrants that it holds the requisite authority and holds each of the Gate Leaseholds pursuant to authority granted by the applicable Governmental Authorities, and that no violation by the Grantor of any terms, conditions, or limitations of any rule or regulation of the applicable Governmental Authorities regarding such Gate Leaseholds or any applicable provisions of law has occurred that gives the Governmental Authorities the right to terminate, cancel, withdraw or modify, in any material respect, the rights of the Grantor in any such Gate Leasehold.

(ii) The Grantor represents and warrants that it is utilizing the Gate Leaseholds in a manner consistent in all material respects with applicable laws, regulations and contracts in order to preserve its right to hold and use the Gate Leaseholds. The Grantor has not received any notice from any Governmental Authority and is not aware of any other event or circumstance that would be reasonably likely to impair, in any material respect, its right to hold and use any Gate Leasehold.

(g) AS TO NARITA ROUTES.

(i) Set forth on Schedule 4(g) is a true, correct and complete list of the Grantor's Narita Routes as of the date of this Agreement, which Schedule 4(g) shall be revised from time to time by the Grantor as provided for in Section 6(h)(ii) of this Agreement.

(ii) The Grantor represents and warrants that it holds the requisite authority to operate over each of the Narita Routes pursuant to Title 49, all rules and regulations promulgated thereunder, any provisions of foreign law and applicable treaty and bilateral air transportation agreements (as amended, and including any applicable memorandum of understanding and exchange of notes) that are applicable to it, and the applicable rules and regulations of the FAA, the DOT, any Governmental Authority, and any applicable Foreign Aviation Authorities; and that no violation by Grantor of any terms, conditions or limitations of each certificate, order or authority issued by the DOT or the applicable Foreign Aviation Authorities regarding such Narita Route or any applicable provisions of Title 49 has occurred that gives the FAA, the DOT, any Governmental Authority or the applicable Foreign Aviation Authorities the right to terminate, cancel, withdraw or modify, in any material respect, the rights of the Grantor in any such Narita Route.

(iii) The Grantor represents and warrants that it is utilizing the Narita Routes in a manner consistent in all material respects with applicable laws, regulations, foreign law, the provisions of the applicable treaty and bilateral air transportation agreement (as amended, and including any applicable memorandum of understanding and exchange of notes) that are applicable to it, and contracts in order to preserve its right to hold and operate each Narita Route, taking into account any waivers or other relief granted to the Grantor by the DOT and any Foreign Aviation Authorities. The Grantor has not received any notice from the DOT or any Foreign Aviation Authority, and is not aware of any other event or circumstance, that would be reasonably likely to impair, in any material respect, its right to hold and operate any Narita Route.

(h) AS TO SUPPORTING ROUTE FACILITIES.

(i) Within 60 days after the Effective Date, the Grantor shall provide to the Collateral Agent, on Schedule 4(h), a true, correct and complete list of the Grantor's Supporting Route Facilities as of the date of this Agreement, which Schedule 4(h) shall be revised from time to time by the Grantor, at the Grantor's expense, (x) to reflect all Supporting Route Facilities in which the Grantor has or acquires any right, title and interest at any time or (y) upon reasonable request of the Collateral Agent.

(ii) The Grantor represents and warrants that it holds the requisite authority and holds each of the Supporting Route Facilities pursuant to authority granted by the applicable Foreign Aviation Authorities, and that no violation by the Grantor of any terms, conditions, or limitations of any rule or regulation of the applicable Foreign Aviation Authorities regarding such Supporting Route Facilities or any applicable provisions of foreign law has occurred that gives the applicable Foreign Aviation Authorities the right to terminate, cancel, withdraw or modify, in any material respect, the rights of the Grantor in any such Supporting Route Facilities.

(iii) The Grantor represents and warrants that it is utilizing the Supporting Route Facilities in a manner consistent in all material respects with applicable foreign laws, regulations and contracts in order to preserve its right to hold and use such Supporting Route Facilities. The Grantor has not received any notice from any Foreign Aviation Authorities and is not aware of any other event or circumstance that would be reasonably likely to impair, in any material respect, the Grantor's right to hold and use any of the Supporting Route Facilities.

(i) AUTHORITY AND ACCURACY. The Grantor has full corporate power and authority and legal right to grant a security interest in and pledge all the Collateral pursuant to this Agreement. All information set forth herein relating to the Collateral is accurate and complete in all material respects.

(j) CONSENTS. No consent of any other party (including, without limitation, stockholders or creditors of the Grantor), and no consent, authorization, approval, or other action by, and (except in connection with the perfection of the Lien created hereby) no notice to or filing with, any Governmental Authority or other Person is required either (i) for the pledge by the Grantor of the Collateral pursuant to this Agreement or for the execution, delivery or performance of this Agreement or (ii) as of the date of this Agreement, for the exercise by the Collateral Agent of the rights provided for in this Agreement or the remedies in respect of the Collateral pursuant to this Agreement; provided, however, that (A) any transfer of Slots is subject to confirmation by the FAA, (B) the transfer of the Narita Routes is subject to approval by the DOT pursuant to Section 41105 of Title 49 and is subject to Presidential review pursuant to Section 41307 of Title 49, (C) the transfer of any Gate Leasehold is subject to the limitations contained in the agreements under which such Gate Leasehold was awarded to the Grantor and the approval rights, if any, of Governmental Authorities and (D) the transfer of the Narita Slots and Supporting Route Facilities may be subject to approval by Foreign Aviation Authorities and, in the case of the Supporting Route Facilities, by the other parties to any contracts or agreements related thereto (it being understood that any reference in clauses (A), (B), (C) and (D) to a "transfer" shall not include and be a reference to a pledge or a grant of a security interest in such items to the extent they are included in Collateral).

(k) RECOURSE. This Agreement is made with full recourse to the Grantor and pursuant to and upon all the warranties, representations, covenants and agreements on the part of the Grantor contained herein and in the other Financing Documents.

Section 5. SUPPLEMENTS, FURTHER ASSURANCES.

(a) At the request of a Collateral Agent, the Grantor shall promptly execute and deliver to the Collateral Agent, at any time and from time to time, at the expense of the Grantor, instruments and documentation in form and substance reasonably satisfactory to the Collateral Agent, and take all further action, that may be required or that the Collateral Agent reasonably requests, evidencing the security interests granted hereby and providing for the perfection, preservation and protection of such security interests, and enabling the Collateral Agent to exercise and enforce its rights and remedies hereunder with respect to any Collateral; provided that, notwithstanding the foregoing, the Grantor shall not be required to obtain consents from any third parties or Governmental Authorities or to take any action in any jurisdiction outside of the United States that may be required in order to perfect any lien purported to be created hereby in any Collateral. Notwithstanding the foregoing, in the event that there is a change in law after the date of this Agreement that permits the grant or a security interest or affects the ability of the Grantor to provide the Collateral Agent with a perfected lien on any Collateral, the Grantor agrees to take such additional steps as may reasonably be requested by the Collateral Agent to obtain the consent of any appropriate third party, Governmental Authority or any applicable Foreign Aviation Authorities to grant such security interest or to perfect such lien.

(b) The Grantor shall sign and deliver to the Collateral Agent, and the Grantor further authorizes the Collateral Agent to prepare and file, such financing and continuation statements, in form and substance reasonably acceptable to the Collateral Agent, as may from time to time be necessary to grant, continue and maintain a valid, enforceable, first priority security interest in the Collateral and the other rights, as against third parties provided hereby, all in accordance with the Uniform Commercial Code as enacted in any relevant jurisdiction of the United States. The Grantor shall pay any applicable filing fees and other expenses related to the filing of financing and continuation statements or the expenses for other action taken (whether by a Collateral Agent or by the Grantor upon a Collateral Agent's reasonable request) to perfect under the laws of the United States or any jurisdiction thereof the security interest granted hereunder. The Grantor hereby authorizes the Collateral Agent to file any financing or continuation statements without the signature of the Grantor when permitted by law.

(c) Upon the Parent Guarantor acquiring any right, title or interest in or to any Collateral, the Grantor shall cause such Parent Guarantor to become a party to this Agreement the result of which shall be that such Parent Guarantor shall have pledged to the Collateral Agent, and granted the Collateral Agent, a duly perfected first priority security interest in and to such Collateral, to the same extent and subject to the same terms and conditions as the Grantor is subject hereunder.

Section 6. AFFIRMATIVE COVENANTS AND PROVISIONS CONCERNING COLLATERAL.

(a) (i) SLOTS.

(x) Except as otherwise provided in Sections 6(a), (f) or (g) of this Agreement, the Grantor will do or cause to be done all commercially reasonable things necessary to preserve and keep in full force and effect its rights in and to use its Slots, including,

but not limited to, satisfying the Use or Lose Rule and utilizing the Slots in a manner consistent in all material respects with applicable law, regulations and contracts in order to preserve its right to hold and operate the Slots except where the failure to do so could not reasonably be expected to have a material adverse effect on the value of the related Narita Route. Without in any way limiting the foregoing, the Grantor shall promptly take all commercially reasonable steps as may be necessary now or in the future to maintain, renew and obtain the rights, licenses, authorizations or certifications as are necessary to the continued and future holding and operation by the Grantor of its Slots except where the failure to do so could not reasonably be expected to have a material adverse effect on the value of the related Narita Route.

(y) The Grantor shall provide to the Collateral Agent, concurrently with the quarterly certificates required to be provided to the Agent pursuant to Section 5.01(a)(iii) of the Credit Agreement (i) a copy of every report on slot utilization filed with the FAA during the preceding calendar quarter pursuant to applicable law and, if reasonably requested by the Collateral Agent, a summary thereof as it relates to the Slots, in a format reasonably acceptable to the Collateral Agent; and (ii) a certificate of a Responsible Officer of the Grantor stating whether or not the Grantor has satisfied the Use or Lose Rule with respect to each FAA reporting period for which slot utilization reports were required to be delivered to the FAA during such calendar quarter for each Slot identified on Schedule 4(d) of this Agreement, as the same shall be amended from time to time pursuant to Section 6(h)(i) of this Agreement.

(ii) NARITA SLOTS.

(x) Except as otherwise provided in Sections 6(a), (f) or (g) of this Agreement, the Grantor will do or cause to be done all commercially reasonable things necessary to preserve and keep in full force and effect its rights in and to use its Narita Slots, including, but not limited to, utilizing the Narita Slots in a manner consistent in all material respects with applicable foreign laws, regulations and contracts in order to preserve its right to hold and operate the Narita Slots except where the failure to do so could not reasonably be expected to have a material adverse effect on the value of any Narita Route. Without in any way limiting the foregoing, the Grantor shall promptly take all commercially reasonable steps as may be necessary, now or in the future to maintain, renew and obtain the rights, licenses, authorizations or certifications as are necessary to the continued and future holding and operation by the Grantor of its Narita Slots except where the failure to do so could not reasonably be expected to have a material adverse effect on the value of any Narita Route.

(y) The Grantor shall provide to the Collateral Agent concurrently with the quarterly certificates required to be provided to the Agent pursuant to Section 5.01(a)(iii) of the Credit Agreement, (i) a certificate of a Responsible Officer of the Grantor stating whether or not (A) the Grantor has satisfied the applicable utilization requirement for each Narita Slot identified on Schedule 4(e) of this Agreement, as the same shall be amended from time to time pursuant to Section 6(h)(i) of this Agreement, for the most recently ended IATA scheduling season and (B) the Grantor is conducting its operations in a manner such that the Grantor should be able to meet the applicable utilization requirement in order to retain its right to each such Narita Slot in the next comparable IATA scheduling season; and (ii) for each such Narita Slot listed on Schedule 4(e), as such Schedule shall be updated from time to time pursuant to Section 6(h)(i) of this Agreement, a Narita Slot Utilization Report.

(b) GATE LEASEHOLDS. The Grantor will make all payments and otherwise perform all material obligations in respect of each of its Gate Leaseholds to the extent necessary to keep each such Gate Leasehold in full force and effect and to prevent such leases from lapsing or terminating or allowing any rights to renew any such Gate Leasehold to be forfeited or cancelled, and further will utilize each such Gate Leasehold in a manner sufficient to comply in all material respects with applicable lease provisions governing such Gate Leasehold except, in each case, where the failure to do so could not reasonably be expected to have a material adverse effect on the value of the related Narita Route.

(c) NARITA ROUTES AND SUPPORTING ROUTE FACILITIES.

(i) Except as otherwise provided in Sections 6(e) or (k), the Grantor will do or cause to be done all commercially reasonable things necessary to preserve and keep in full force and effect its material rights in, and to use and hold, its Narita Routes and Supporting Route Facilities, including, but not limited to, utilizing and making the requisite filings regarding the Narita Routes and Supporting Route Facilities in a manner consistent in all material respects with Title 49, the rules and regulations promulgated thereunder, any provisions of foreign law, treaty and bilateral air transportation agreements (as amended, and including any applicable memorandum of understanding and exchange of notes) that are applicable to it, and applicable rules and regulations of the FAA, the DOT, any Governmental Authority and any applicable Foreign Aviation Authorities, except, with respect to the Supporting Route Facilities, in each case where the failure to do so could not reasonably be expected to have a material adverse effect on the value of any Narita Route.

(ii) Without in any way limiting the foregoing, the Grantor shall promptly take (x) all such commercially reasonable steps as may be necessary or, in the reasonable judgment of the Collateral Agent, advisable, to maintain or to renew its authority to operate each such Narita Route from the DOT, any Governmental Authority, and any applicable Foreign Aviation Authorities, within a reasonable time prior to the expiration of such authority (as prescribed by regulation or law, if any), and notify the Collateral Agent of the status of such renewal and (y) all such other steps as may be necessary to maintain, renew and obtain any and all Supporting Route Facilities as needed for the continued and future operations of the Grantor over the Narita Routes, which are now allocated or possessed, or as may hereafter be allocated or acquired, except, with respect to the Supporting Route Facilities, in each case where the failure to do so could not reasonably be expected to have a material adverse effect on the value of any Narita Route.

(iii) The Grantor shall promptly provide copies to the Collateral Agent of (x) all filings made with the DOT, any Governmental Authority and Foreign Aviation Authorities to preserve and maintain the Narita Routes and Supporting Route Facilities, (y) each certificate or order issued by the DOT, any Governmental Authority and any applicable Foreign Aviation Authorities with respect to the Narita Routes and the Supporting Route Facilities, and (z) any notices received from the DOT, any Governmental Authority and any applicable Foreign Aviation Authorities notifying the Grantor of an event which could reasonably be expected to have a material adverse effect upon any of the Narita Routes or any of the Supporting Route Facilities.

(iv) The Grantor shall pay any applicable filing fees and other expenses related to the submission of applications, renewal requests, and other filings as may be reasonably necessary to maintain or obtain in accordance with this Agreement the Grantor's rights in the Narita Routes and Supporting Route Facilities.

(v) Concurrently with the quarterly certificates required to be provided to the Agent pursuant to Section 5.01(a)(iii) of the Credit Agreement the Grantor shall provide to the Collateral Agent (x) a certificate of a Responsible Officer of the Grantor stating whether or not (A) the Grantor has discontinued, suspended or otherwise interrupted service on any of the Narita Routes during the most recently ended calendar quarter for more than seven (7) days and (B) the Grantor is conducting its operations in a manner such that the Grantor should be able to meet the applicable utilization requirement in order to retain its right to use each such Narita Route in the next calendar quarter, and (y) a report, in format reasonably acceptable to the Collateral Agent, showing for each day in the most recently ended calendar quarter, the number of flights operated by the Grantor between the United States and Tokyo, Japan.

(d) NO LIENS. The Grantor shall not create or suffer to exist any lien, security interest or other charge or encumbrance upon or with respect to any of the Collateral to secure any obligation of any person or entity, except for the security interest created by this Agreement or except as otherwise permitted by the Credit Agreement.

(e) TRANSFERS OR MODIFICATIONS OF NARITA ROUTES. (i) The Grantor shall not be entitled to transfer or otherwise dispose of its rights in any Narita Route without the express written consent and approval of the Collateral Agent and the Required Lenders; provided that the Grantor may, with 30 days' prior written notice to the Collateral Agent (or such lesser period as may be acceptable to the Collateral Agent), (A) transfer or dispose of any of its rights in a Narita Route to another air carrier (x) if such transfer or disposition has been consented to by the Agent pursuant to Section 5.02(c)(iii) of the Credit Agreement or (y) to the extent that such transfer or disposition is made in exchange for another operating authority for scheduled service between the United States and Tokyo, Japan of reasonably equivalent value to the Grantor (as determined in the exercise of reasonable good faith by the Grantor) and such new operating authority (subject to the limitations set forth in the last two sentences of Section 1 hereof) shall become part of the Collateral; (B) modify any Narita Route to change the city in the United States to which scheduled service from Tokyo, Japan is authorized so long as the Grantor has determined in the exercise of reasonable good faith that the new route would be of reasonably equivalent value and such modified operating authority and related frequencies shall remain part of the Collateral; or (C) transfer or otherwise dispose of its rights in Supporting Route Facilities that are surplus or excess, to the extent that such transfer or disposition could not reasonably be expected to have a material adverse effect (as determined in the exercise of reasonable good faith by the Grantor) on the value of the Narita Routes taken as a whole; provided, that no less than 30 days (or such lesser period as may be acceptable to the Collateral Agent) prior to any such transfer, disposition or modification, the Grantor shall provide to the Collateral Agent all information reasonably necessary for the Collateral Agent to determine compliance with this Section 6(e).

(ii) Notwithstanding any other provision of this Agreement, if at any time the number of frequencies, exemption and certificate authorities included in the Grantor's Narita Routes are less than forty-one (41) per week (the "REQUIRED NARITA ROUTE FREQUENCY

AMOUNT") and the Grantor then holds, or subsequently acquires, additional frequencies, exemption or certificate authorities related to the right to operate scheduled service between the United States and Tokyo, Japan, the Grantor shall cause such operational authorities (subject to the limitations set forth in the last two sentences of Section 1 hereof) to become part of the Collateral hereunder, but in any case only as necessary so that the number of frequencies, exemption and certificate authorities applicable to the Grantor's Narita Routes are not less than the Required Narita Route Frequency Amount.

(f) TRANSFERS OF SLOTS AND NARITA SLOTS. (i) Notwithstanding anything to the contrary herein contained, the Grantor shall be entitled, subject to Section 6(g) of this Agreement, (x) to permanently transfer or otherwise dispose of its rights in its Slots and Narita Slots to the extent such transfer or disposition is made in exchange for a Slot or, if applicable, a Narita Slot of reasonably equivalent value (as determined in the exercise of reasonable good faith by the Grantor), (y) to temporarily transfer its rights to operate a Slot or a Narita Slot pursuant to a routine trade of such Slot or Narita Slot to another Certificated Air Carrier, Commuter Air Carrier (as defined in Part 298 of Title 14) or a foreign air carrier, including a code-share or alliance partner, in the ordinary course of the Grantor's business where such Slot or Narita Slot is intended to be returned to the Grantor at the end of the then applicable summer or winter season or (z) transfer or dispose of any of its rights in a Slot or a Narita Slot if such transfer or disposition has been consented to by the Agent pursuant to Section 5.02(c)(iii) of the Credit Agreement. Following any such transfer or other disposition, the Grantor shall provide the Collateral Agent with all information reasonably necessary for the Collateral Agent to determine the Grantor's compliance with this Section 6(f). A permanent trade or exchange of Slots or Narita Slots under this Section is subject to the requirements of Section 6(g) with respect to the slots received by the Grantor in replacement of the slots exchanged or traded. A temporary trade or exchange of Slots or Narita Slots under this Section must provide for sufficient oversight by the Grantor to ensure that the temporary operator of such Slots or Narita Slots is utilizing them in a manner consistent with applicable laws, regulations, contracts, and foreign laws in order to preserve the right of the Grantor to hold, and the right of the Grantor to operate, such Slots or Narita Slots.

(ii) Notwithstanding any other provision of this Agreement, if at any time the number of Narita Slots that the Grantor owns, holds or has the right to use in respect of the Narita Routes is less than eighty-two (82) per week (the "Required Narita Slot Amount") and the Grantor then holds, or subsequently acquires, additional operational authorities to conduct landing or takeoff operations at Narita Airport, Tokyo, Japan, the Grantor shall cause such operational authorities (subject to the limitations set forth in the last two sentences of Section 1 hereof) to become part of the Collateral hereunder, but in any case only as necessary so that the number of Narita Slots again equals the Required Narita Slot Amount.

(g) REPLACEMENT OF SLOTS AND NARITA SLOTS.

(i) The Grantor may, to the extent permitted hereunder and subject to the limitations set forth in this Agreement and the Credit Agreement and this Section 6(g), replace any Slot and/or Narita Slot with one or more Replacement Slots through the transfer of slots or the substitutions for such Slot or Narita Slot of another slot owned by Grantor of reasonably equivalent value for the related Narita Route, provided, that, on the date of such replacement, no Event of Default shall have occurred and be continuing, and provided further

that a Slot can only be replaced by another Slot and a Narita Slot can only be replaced by another Narita Slot.

(ii) Upon the Grantor having received a Replacement Slot, the Lien of this Agreement shall continue with respect to each such Replacement Slot as though no replacement had occurred. The Collateral Agent shall, at the cost and expense of the Grantor, release from the Lien of this Agreement each replaced Slot or Narita Slot (and any related Collateral) upon the occurrence of the replacement (including satisfaction of each condition for replacement provided for or referred to in Section 6(g)(iii)) by executing and delivering to the Grantor such documents and instruments, prepared at the Grantor's expense, as the Grantor may reasonably request to evidence such release.

(iii) The Grantor's right to effect a replacement under Section 6(g)(i) hereof shall be subject to the fulfillment, at the Grantor's sole cost and expense and in addition to the conditions contained in such Section 6(g)(i), of each of the following conditions precedent:

A. Each Replacement Slot is of reasonably equivalent value (as determined in the exercise of reasonable good faith by the Grantor) to the Slot or Narita Slot being replaced thereby;

B. The Collateral Agent shall have received a certificate of a Responsible Officer of the Grantor stating (x) that on the replacement date no Event of Default shall have occurred and be continuing, (y) each of the conditions specified in this Section 6(g)(iii) with respect to such Replacement Slot has been satisfied and (z) all the material licenses, permits, authorizations, exemptions, certificates of compliance, certificates of public convenience and necessity, and other certificates (including, without limitation, air carrier operating certificates and operations specifications issued by the FAA pursuant to 14 C.F.R. Parts 119 and 121, if applicable) which are required by the DOT or the FAA and which are adequate for the Grantor to use the Replacement Slot are in full force and duly issued to the Grantor, and in the case of Narita Slots all of the material licenses, permits, authorizations, exemptions, certificates of compliance, certificates of public convenience and necessity, and other certificates, issued by Foreign Aviation Authorities and which are adequate for the Grantor to use the Replacement Slot are in full force and duly issued to the Grantor;

C. The Grantor shall take all necessary steps required under the laws of any jurisdiction of the United States of America to cause each Replacement Slot to be subject to the Lien of this Agreement, free and clear of any Liens (other than Liens referred to in Section 5.02(a) of the Credit Agreement);

D. The Grantor shall have been duly authorized to hold each Replacement Slot pursuant to authority granted by the FAA pursuant to Title 14 or Foreign Aviation Authorities;

E. The Grantor shall have caused evidence of its right to hold each Replacement Slot to be duly confirmed, recorded, filed, or filed for recording with the FAA or Foreign Aviation Authorities, to the extent customary and permitted or required under any applicable law or regulations; and

F. The Collateral Agent shall have received from the Grantor such documents and evidence with respect to the Grantor as the Collateral Agent may reasonably request in order to establish the consummation of the transactions contemplated by this Section 6(g), and evidence of taking of all necessary corporate action in connection therewith and compliance with the conditions set forth in this Section 6(g), in each case in form and substance reasonably satisfactory to the Collateral Agent.

(h) UPDATED SCHEDULES.

(i) SLOTS/NARITA SLOTS. The Grantor shall deliver or cause to be delivered to the Collateral Agent, at the Grantor's expense, updated Schedules 4(d) and 4(e) to replace the then-existing Schedules 4(d) and 4(e) within ten (10) Business Days after (i) the Grantor has or acquires any right, title, and interest at any time in any "slot" that is required to be a Slot or Narita Slot; (ii) the allocation to, or the acquisition by, the Grantor of any permanent "slot" that is required to be a Slot or Narita Slot; (iii) any permanent disposition or transfer by the Grantor of any Slot or Narita Slot permitted pursuant to the terms of the Credit Agreement and this Agreement; or (iv) any reasonable request by the Collateral Agent to update such Schedules 4(d) and 4(e).

(ii) NARITA ROUTES. The Grantor shall deliver or cause to be delivered to the Collateral Agent, at the Grantor's expense, an updated Schedule 4(g) to replace the then-existing Schedule 4(g) within ten (10) Business Days after (i) the allocation to, the acquisition by, or award to the Grantor of any scheduled air carrier service operating authority between the United States and Japan in exchange for, or replacement of, any existing Narita Route pursuant to the terms of this Agreement; (ii) any permanent disposition, transfer or discontinuance by the Grantor of any Narita Route permitted pursuant to the terms of the Credit Agreement and this Agreement; or (iii) any reasonable request by the Collateral Agent to update such Schedule 4(h).

(i) NOTICE OF VIOLATIONS OF LAWS AND REGULATIONS. The Grantor agrees to give the Collateral Agent notice of any material violations of any applicable laws, rules, or regulations (collectively, the "REQUIREMENTS") (whether presently in effect or hereinafter enacted, passed, promulgated, made, issued or adopted by the DOT, FAA, any Governmental Authority or Foreign Aviation Authorities) affecting the Collateral or the Grantor's use thereof, by sending within ten (10) business days after service upon, or receipt by, an SGR Responsible Officer of the Grantor, a copy of each and every one thereof to the Collateral Agent. At the same time, the Grantor will inform the Collateral Agent as to the work or steps which the Grantor proposes to do or take in order to correct the violation. Notwithstanding the foregoing, however, if such work or step would require any alterations which would, in the Grantor's reasonable opinion, reduce the value of the Collateral, the Grantor may defer compliance therewith, as long as such deferral is consistent with applicable law in order that the Grantor may, at the Grantor's expense, contest or seek modification of or other relief with respect to such Requirements so long as such contest or the seeking of such relief does not involve any substantial danger of the sale, forfeiture or loss of the related Collateral.

(j) NOTICE OF CHANGES IN LAWS AND REGULATIONS. The Grantor agrees to use reasonable best efforts to give the Collateral Agent notice of any material changes in applicable Requirements affecting the Collateral or the Grantor's use thereof, by sending within thirty (30) days after service upon, receipt by, or after

the same otherwise comes to the attention of an SGR Responsible Officer of the Grantor, a copy of each and every such change to the Collateral Agent.

(k) MODIFICATION OR DISCONTINUANCE OF NARITA ROUTES. Nothing in this Agreement shall be interpreted to prevent the Grantor from modifying, suspending or discontinuing service on any of the Narita Routes or the use of any of the Supporting Route Facilities due to a determination made by the Grantor that it is commercially reasonable to do so; provided, however, that (x) should the Narita Route on which service is to be or has been discontinued, suspended or materially modified be subject to a dormancy provision, reallocation, or withdrawal by the DOT, the Grantor shall use commercially reasonable efforts to avoid the loss of such Narita Route for dormancy or the reallocation of such Route; and (y) the Grantor shall not discontinue service over any Narita Route without having given the Collateral Agent at least thirty (30) days' prior written notice thereof. If the Grantor suspends service over any Narita Route, it shall promptly provide the Collateral Agent with notice of such suspension and, at the further request of the Collateral Agent, an explanation of the circumstances that have caused such suspension.

Section 7. COLLATERAL AGENT APPOINTED.

(a) ATTORNEY-IN-FACT. The Grantor hereby irrevocably appoints the Collateral Agent the Grantor's attorney-in-fact (which appointment shall be irrevocable and deemed coupled with an interest) with full authority in the place and stead of the Grantor and in the name of the Grantor or otherwise, from time to time in the Collateral Agent's discretion, upon and during the occurrence and continuation of an Event of Default, to take any action and to execute any instrument which the Collateral Agent may deem necessary or advisable to accomplish the purposes of this Agreement, including, without limitation:

(i) to ask, demand, collect, sue for, recover, compound, receive and give acquittance and receipts for moneys due and to become due under or in respect of any of the Collateral;

(ii) to receive, endorse, and collect any instruments and documents in connection with clause (i) above;

(iii) to receive, endorse and collect all instruments made payable to the Grantor representing any distribution in respect of the Collateral or any part thereof and to give full discharge for the same; and

(iv) to file any claims or take any action or institute any proceedings which the Collateral Agent may deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce the rights of the Collateral Agent with respect to any of the Collateral.

(b) COLLATERAL AGENT'S DUTIES. The powers conferred on the Collateral Agent hereunder are solely to protect its interest and the interests of the Secured Parties in the Collateral and shall not impose any duty upon it to exercise any such powers. Except for the safe custody of any Collateral in its possession and the accounting for moneys actually received by the Collateral Agent hereunder, the Collateral Agent shall have no duty as to any Collateral or as to the taking of any necessary steps to preserve rights against prior parties or any other rights pertaining to any Collateral,

whether or not the Collateral Agent has or has been or is deemed to have knowledge of such matters.

Section 8. COLLATERAL AGENT MAY PERFORM. If the Grantor fails to perform any agreement contained herein within a reasonable time after receipt of a written request to do so from the Collateral Agent, the Collateral Agent may perform, or cause performance of, such agreement, and the reasonable expenses of the Collateral Agent, including, but not limited to, the reasonable fees and expenses of counsel, incurred in connection therewith, shall be payable by the Grantor and shall be considered Secured Obligations.

Section 9. EVENTS OF DEFAULT, REMEDIES.

(a) EVENTS OF DEFAULT. It shall be an Event of Default hereunder if under the Credit Agreement an "Event of Default" shall occur.

(b) REMEDIES; OBTAINING THE COLLATERAL UPON EVENT OF DEFAULT. If any Event of Default shall have occurred and be continuing, then and in every such case, the Collateral Agent may, at any time or from time to time during such Event of Default:

(i) Declare the entire right, title and interest of the Grantor in and to each Slot vested, subject to the requirements imposed by Title 49, Title 14, the FAA and other provisions of applicable law, in which event such rights, title and interest shall immediately vest in the Collateral Agent, in which case the Collateral Agent may or may cause the Grantor to effectuate the transfer of any or all of the Slots and the Grantor agrees to execute and deliver such transfer documents, deeds of conveyance, assignments and other documents or instruments (including any notices or applications to the DOT, FAA or any other Governmental Authority having jurisdiction over any such Slot or the use thereof) and take such other actions and use its best efforts as shall be required or requested by the Collateral Agent in order to legally effectuate the transfer of such Slots, together with copies of the certificates, confirmations, notices or orders issued by the FAA representing same and any other rights of the Grantor with respect thereto, to any designee or designees selected by the Collateral Agent and confirmed by the FAA; it being understood that, as of the date hereof, transfers of Slots must accommodate the FAA requirement that such Slots be used only by air carriers generally; it being further understood that the Grantor's obligation to deliver such Collateral and such documents and instruments with respect thereto is of the essence of this Agreement and that, accordingly, upon application to a court of equity having jurisdiction, the Collateral Agent shall be entitled to a decree requiring specific performance by the Grantor of said obligations;

(ii) In the Collateral Agent's sole discretion, but subject to the provisions of applicable law, such Collateral Agent may use the blank, undated, signed Slot transfer documents held in escrow (in the form of Exhibit I hereto) as a means to effectuate a transfer as contemplated herein;

(iii) Declare, to the extent permitted by foreign law, IATA guidelines or regulations, the entire right, title and interest of the Grantor in and to each Narita Slot vested, subject to the requirements imposed by foreign law and Foreign Aviation Authorities, in which event such rights, title and interest shall immediately vest in the Collateral Agent, in which case

the Collateral Agent may or may cause the Grantor to effectuate the transfer of any or all of the Narita Slots as may be required under foreign law, IATA guidelines or regulations and the Grantor agrees to execute and deliver such transfer documents, deeds of conveyance, assignments and other documents or instruments (including any notices or applications to the Foreign Aviation Authorities or any other Governmental Authority having jurisdiction over any such Narita Slot or the use thereof) and take such other actions and use its best efforts (including seeking the assistance of the U.S. Government) as shall be required or requested by the Collateral Agent in order to legally effectuate the transfer of such Narita Slots; it being understood that, with respect to each Narita Slot, if any of the foregoing is not permitted under applicable law, foreign law, IATA guidelines or regulations, the Collateral Agent for the ratable benefit of the Secured Parties shall nevertheless continue to have all of the Grantor's right, title and interest in and to all of the proceeds (of any kind) received or to be received by the Grantor upon the transfer or other disposition of the Collateral; it being further understood that where it is permitted under applicable law, IATA guidelines or regulations, the Grantor's obligation to deliver such Collateral and such documents and instruments with respect thereto is of the essence of this Agreement and that, accordingly, upon application to a court of equity having jurisdiction, to the extent permitted by applicable law, the Collateral Agent shall be entitled to a decree requiring specific performance by the Grantor of said obligations;

(iv) Declare the entire right, title and interest of the Grantor in and to each Narita Route and the Supporting Route Facilities, vested, subject to the requirements imposed by Title 49, the DOT, and Foreign Aviation Authorities and other provisions of applicable law, in which event such rights, title and interest shall immediately vest in the Collateral Agent, and, whether or not such vesting is legally effective, the Grantor agrees to execute and deliver such deeds of conveyance, assignments and other documents or instruments (including any notices or applications to the DOT, FAA, applicable Foreign Aviation Authorities or any Governmental Authority having jurisdiction over any such Narita Route or Supporting Route Facilities, or the use thereof) and take such other actions and use its best efforts (including seeking the assistance of the U.S. Government) as shall be required or requested by the Collateral Agent in order to legally effectuate the transfer of such Narita Routes and Supporting Route Facilities, together with copies of the certificates or orders issued by the DOT and the Foreign Aviation Authorities representing the same and any other rights of the Grantor with respect thereto, and to use its best efforts to transfer, assign or convey all of the Narita Routes and the Supporting Route Facilities associated with, or related to, the Grantor's operation of the applicable Narita Route, to any designee or designees selected by the Collateral Agent and approved by the DOT and to the extent necessary, by any Foreign Aviation Authorities, it being understood that, with respect to each Narita Route and the Supporting Route Facilities, if any of the foregoing is not permitted under applicable law, foreign law, IATA guidelines or regulations, the Collateral Agent for the ratable benefit of the Secured Parties shall nevertheless continue to have all of the Grantor's right, title and interest in and to all of the proceeds (of any kind) received or to be received by the Grantor upon the transfer or other disposition of the Collateral; it being further understood that (x) as of the date hereof, the transfer of any Narita Route (but not a pledge or the grant of a security interest therein) is subject to approval by the DOT pursuant to Section 41105 of Title 49 and the President pursuant to Section 41307 of Title 49, and that pursuant to such provisions the Narita Routes may be transferred only to one or more Certificated Air Carriers and (y) where it is permitted under applicable law, IATA guidelines or regulations, the Grantor's obligation to deliver such Collateral and such documents and

instruments with respect thereto, including to use its best efforts to transfer, assign or convey all of its right, title and interest in and to the Narita Routes and the Supporting Route Facilities is of the essence of this Agreement and that, accordingly, upon application to a court of equity having jurisdiction, to the extent permitted by applicable law, the Collateral Agent shall be entitled to a decree requiring specific performance by the Grantor of said obligations;

(v) Declare the entire right, title and interest of the Grantor in and to each Gate Leasehold vested, in which event such rights, title and interest shall immediately vest in the Collateral Agent, and, whether or not such vesting is legally effective, the Grantor agrees to execute and deliver such deeds of conveyance, assignments and other documents or instruments and take such other actions as shall be required or requested by the Collateral Agent in order to legally effectuate the transfer of such Gate Leasehold, to any designee or designees selected by the Collateral Agent and to use its best efforts to effect such transfer; it being understood that if any of the foregoing is not permitted under applicable law, the Collateral Agent for the ratable benefit of the Secured Parties shall nevertheless continue to have all of the Grantor's right, title and interest in and to all of the proceeds (of any kind) received or to be received by the Grantor upon the transfer or other disposition of the Collateral; it being further understood that any such Gate Leasehold transfer may be subject to the approval or consent of the relevant airport authority, airport operator, or Governmental Authority; and it being further understood that where it is permitted under applicable law, IATA guidelines or regulations, the Grantor's obligation to deliver such Collateral and such documents and instruments with respect thereto is of the essence of this Agreement and that, accordingly, upon application to a court of equity having jurisdiction, to the extent permitted by applicable law, the Collateral Agent shall be entitled to a decree requiring specific performance by the Grantor of said obligations;

(vi) Sell, transfer, lease or otherwise liquidate, or direct the Grantor to sell, transfer, lease or otherwise liquidate, any or all of the Collateral or any part thereof, subject to the requirements imposed by Title 14, Title 49, the FAA, the DOT and Foreign Aviation Authorities and other provisions of applicable law and take possession of the Proceeds of any such sale transfer, lease or liquidation; and

(vii) Direct the Grantor to deposit, in the Cash Collateral Account or such other account as identified by the Collateral Agent from time to time, any Proceeds of the Collateral, and the Grantor hereby agrees to do so immediately upon receipt by the Grantor of such direction by the Collateral Agent.

(c) REMEDIES; DISPOSITION OF THE COLLATERAL.

(i) The Collateral Agent shall, from time to time exercise in respect of the Collateral, in addition to other rights and remedies provided for herein or otherwise available to it, and to the extent not in violation of applicable law, including Title 14 and Title 49, and subject to the approval of the DOT and/or the FAA and/or Foreign Aviation Authorities or their respective successors or nominees, all the rights and remedies of a secured party on default under the UCC in effect in all relevant jurisdictions at the time of an Event of Default and the Collateral Agent may also in its sole discretion, without notice except as specified below, sell the Collateral or any part thereof in one or more parcels at public or private sale, at any exchange, broker's board or at a Collateral Agent's office or elsewhere, for cash, on credit or for future

delivery, and at such price or prices and upon such other terms as the Collateral Agent may deem commercially reasonable. To the extent not inconsistent with Title 49, Title 14, the DOT, the FAA requirements and other requirements of applicable United States and foreign law, the Collateral Agent or any other Secured Party may be the purchasers of any or all of the Collateral at any such sale and shall be entitled, for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Collateral sold at such sale, to use and apply any of the Secured Obligations owed to such Person as a credit on account of the purchase price of any Collateral payable by such Person at such sale. Each purchaser at any such sale shall acquire the property sold absolutely free from any claim or right on the part of the Grantor, and the Grantor hereby waives, to the fullest extent permitted by law, all rights of redemption, stay or appraisal which it now has or may at any time in the future have under any rule of law or statute now existing or hereafter enacted. The Grantor agrees that at least ten (10) days' advance notice to the Grantor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. The Collateral Agent shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. The Collateral Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned. The Grantor hereby waives, to the fullest extent permitted by law, any claims against the Collateral Agent arising by reason of the fact that the price at which any Collateral may have been sold at such a private sale was less than the price which might have been obtained at a public sale.

(ii) Except as otherwise provided herein, the Grantor hereby waives, to the fullest extent permitted by applicable law, notice or judicial hearing in connection with a Collateral Agent's taking possession or a Collateral Agent's disposition of any of the Collateral, including, without limitation, any and all prior notice and hearing for any prejudgment remedy or remedies and any such right which the Grantor would otherwise have under law, and the Grantor hereby further waives to the fullest extent permitted by applicable law: (x) all damages occasioned by such taking of possession; (y) all other requirements as to the time, place and terms of sale or other requirements with respect to the enforcement of the Collateral Agent's rights hereunder; and (z) all rights of redemption, appraisement, valuation, stay, extension or moratorium now or hereafter in force under any applicable law. Any sale of, or the grant of options to purchase, or any other realization upon, any Collateral shall operate to divest all right, title, interest, claim and demand, either at law or in equity, of the Grantor therein and thereto, and shall be a perpetual bar both at law and in equity against the Grantor and against any and all Persons claiming or attempting to claim the Collateral so sold, optioned or realized upon, or any part thereof, from, through and under the Grantor.

(d) CONTINUING USE DURING REMEDIES. In the event that the Collateral Agent invokes its rights or remedies under (b) or (c) of this Section, the Grantor shall do or cause to be done all things necessary to preserve and keep in full force and effect its material rights in, and to use and hold, its Narita Routes, Slots, Narita Slots, Gate Leaseholds, and Supporting Route Facilities until the Collateral Agent is able to complete the transfer or otherwise dispose of such Narita Routes, Slots, Narita Slots, Gate Leaseholds, and Supporting Route Facilities.

Section 10. APPLICATION OF PROCEEDS.

All cash proceeds received by the Collateral Agent in respect of any sale of, collection from, or other realization upon all or any part of the Collateral pursuant to the exercise by the Collateral Agent of its remedies as a secured party as provided in Section 9 of this Agreement shall be held by the Collateral Agent as collateral for, and then at any time thereafter shall, as determined by the Collateral Agent, be applied in whole or in part against, all or any part of the Secured Obligations in such order as provided for in Section 2.11(e) of the Credit Agreement. Any surplus of such cash or cash proceeds held by the Collateral Agent and remaining after payment in full of all the Secured Obligations shall be paid over to the Grantor or to whomever may be at such time lawfully entitled to received such surplus.

Section 11. NO WAIVER, DISCONTINUANCE OF PROCEEDING.

(a) Each and every right, power and remedy hereby specifically given to the Collateral Agent or otherwise in this Agreement shall be cumulative and shall be in addition to every other right, power and remedy specifically given under this Agreement, the Credit Agreement or the other Financing Documents 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 be exercised from time to time or simultaneously and as often and in such order as may be deemed expedient by the Collateral Agent. All such rights, powers and remedies shall be cumulative and the exercise or the beginning of the exercise of one shall not be deemed a waiver of the right to exercise any other or others. No delay or omission of the Collateral Agent in the exercise of any such right, power or remedy and no renewal or extension of any of the Secured Obligations shall impair any such right, power or remedy or shall be construed to be a waiver of any default or Event of Default or an acquiescence therein. No notice to or demand on the Grantor in any case shall entitle it to any other or further notice or demand in similar or other circumstances or constitute a waiver of any of the rights of the Collateral Agent to any other or further action in any circumstances without notice or demand. In the event that the Collateral Agent shall bring any suit to enforce any of its rights hereunder and shall be entitled to judgment, then in such suit, to the extent permitted by applicable law, the Collateral Agent may recover reasonable expenses, including reasonable attorneys' fees, and the amounts thereof shall be included in such judgment.

(b) In the event the Collateral Agent shall have instituted any proceeding to enforce any right, power or remedy under this Agreement, the Credit Agreement or the other Financing Documents by foreclosure, sale, entry or otherwise, and such proceeding shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Collateral Agent, then and in every such case the Grantor, the Collateral Agent and each holder of any of the Secured Obligations shall to the extent permitted by applicable law be restored to their respective former positions and rights hereunder with respect to the Collateral, and all rights, remedies and powers of the Collateral Agent and the Secured Parties shall continue as if no such proceeding had been instituted.

Section 12. INDEMNITIES AND EXPENSES.

(a) The Grantor agrees to indemnify, defend and save and hold harmless each Secured Party and each of their Affiliates and their respective officers, directors, employees, agents and advisors (each, an "INDEMNIFIED PARTY") from and against, and shall pay on demand, any and all claims, damages, losses, liabilities and expenses (including, without limitation, reasonable fees and expenses of counsel) that may be incurred by or asserted or awarded against any Indemnified Party, in each case arising out of or in connection with or resulting from this Agreement (including, without limitation, enforcement of this Agreement), except to the extent such claim, damage, loss, liability or expense is found by a court of competent jurisdiction to have resulted from such Indemnified Party's gross negligence or willful misconduct.

(b) The Grantor will upon demand pay to the Collateral Agent the amount of any and all reasonable expenses, including, without limitation, the reasonable fees and expenses of its counsel and of any experts and agents, that the Collateral Agent may incur in connection with (i) the custody or preservation of, or the sale of, collection from or other realization upon, any of the Collateral of the Grantor, (ii) the exercise or enforcement of any of the rights of the Collateral Agent or the other Secured Parties hereunder or (iii) the failure by the Grantor to perform or observe any of the provisions hereof.

(c) The Grantor agrees that neither the Collateral Agent nor any of the Secured Parties shall assume, or shall have responsibility for, the payment of any sums due or to become due under any agreement or contract included in the Collateral or the performance of any obligations to be performed under or with respect to any such agreement or contract by the Grantor, and except as the same may have resulted from the gross negligence or willful misconduct of the Collateral Agent or such Secured Party finally determined by a court of competent jurisdiction, the Grantor hereby agrees to indemnify and hold the Collateral Agent harmless with respect to any and all claims by any person relating thereto.

(d) If and to the extent that the obligations of the Grantor under this Section 12 are unenforceable for any reason, the Grantor hereby agrees to make the maximum contribution to the payment and satisfaction of such obligations which is permissible under applicable law.

(e) Any amounts paid by any Indemnified Party as to which such Indemnified Party has the right to reimbursement shall constitute Secured Obligations. The indemnity obligations of the Grantor contained in this Section 12 shall continue in full force and effect notwithstanding the full payment of the Credit Agreement and the payment of all other Secured Obligations and notwithstanding the discharge thereof.

Section 13. AMENDMENTS, ETC. This Agreement and the provisions hereof may not be amended, waived, modified, changed, discharged or terminated unless the same shall be in writing and signed and delivered by the Collateral Agent and the Grantor, subject to the requirements set forth in Section 9.01 of the Credit Agreement.

Section 14. SECURITY INTEREST ABSOLUTE. The obligations of the Grantor hereunder shall remain in full force and effect without regard to, and shall not be impaired by: (i) any exercise or non-exercise, or any waiver of, any right, remedy, power or privilege under or in

respect of this Agreement or any other Financing Document, except as specifically set forth in a waiver granted pursuant to Section 13; (ii) any amendment to or modification of any Financing Document or any security for any of the Secured Obligations, whether or not the Grantor shall have notice or knowledge of any of the foregoing, except as specifically set forth in an amendment or modification executed pursuant to Section 13; (iii) any lack of validity or enforceability of any Financing Document or any other agreement or instrument relating thereto; or (iv) any other circumstances which might otherwise constitute a defense available to, or a discharge of, the Grantor.

Section 15. TERMINATION; RELEASE.

(a) This Agreement shall create a continuing security interest in the Collateral and shall (i) remain in full force and effect until payment in full of the Secured Obligations, (ii) be binding upon the Grantor, its successors and assigns and (iii) inure, together with the rights and remedies of the Collateral Agent hereunder, to the benefit of the Collateral Agent and each of the Secured Parties and their respective successors, transferees and assigns. Upon the payment in full of the Secured Obligations, the security interest granted hereby shall terminate and all rights to the Collateral shall revert to the Grantor subject to any existing liens, security interests or encumbrances on such Collateral. Upon any such termination, the Collateral Agent will, at the Grantor's expense, execute and deliver to the Grantor such documents as the Grantor shall reasonably request to evidence such termination.

(b) In the event that any part of the Collateral of the Grantor (i) is disposed of in connection with a disposition permitted by the Credit Agreement or this Agreement or (ii) is otherwise released pursuant to the terms and conditions of the Credit Agreement and, in the case of a sale or sales contemplated by clause (i) above, the proceeds of such sale or sales are applied in accordance with the terms herein and of the Credit Agreement, such Collateral will be sold free and clear of the Liens created by this Agreement and the Collateral Agent, at the request and expense of the Grantor, will duly assign, transfer and deliver to the Grantor (without recourse and without any representation or warranty) such of the Collateral of the Grantor as is then being (or has been) so sold or released and has not theretofore been released pursuant this Agreement.

(c) Except as may be otherwise provided in the Credit Agreement, at any time that the Grantor desires that the Collateral of the Grantor be released as provided in the foregoing Sections 15(a) or (b), the Grantor shall deliver to the Collateral Agent a certificate signed by a Responsible Officer stating that the release of the respective Collateral is permitted pursuant to Sections 15(a) or (b). If requested by the Collateral Agent, the Grantor shall furnish appropriate legal opinions (from counsel, which may be in-house counsel, acceptable to the Collateral Agent) to the effect set forth in the immediately preceding sentence. The Collateral Agent shall have no liability whatsoever to any Secured Party as the result of any release of Collateral by it as permitted by this Section 15.

Section 16. DEFINITIONS. Except as otherwise defined in this Agreement, including this Section 16, terms defined in the Credit Agreement, as applicable, shall be used herein as therein defined. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and

"including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person's successors and assigns, (c) the words "herein", "hereof and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections and Schedules shall be construed to refer to Articles and Sections of, and Schedules to, this Agreement and (e) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights. The following terms shall have the following meanings:

"CERTIFICATED AIR CARRIER" means a United States Citizen that is an "air carrier" within the meaning of Section 40102 of Title 49, holding a certificate under Section 41102 of Title 49 and an air carrier operating certificate issued pursuant to Chapter 447 of Title 49 or any analogous successor provision of the U.S.C., for aircraft capable of carrying ten or more individuals or 6,000 pounds or more of cargo.

"COLLATERAL" has the meaning set forth in Section 1 hereof.

"DOT" means the United States Department of Transportation.

"FAA" means the Federal Aviation Administration.

"FOREIGN AVIATION AUTHORITIES" means any foreign governmental, quasi-governmental, regulatory or other agencies or public corporations or private entities which exercise jurisdiction over the issuance or authorization (i) to serve any foreign point on each of the Narita Routes and/or (ii) to conduct operations related to the Narita Routes and Supporting Route Facilities and/or (iii) to hold and operate any Narita Slots.

"GATE LEASEHOLDS" means all of the right, title, privilege, interest, and authority now or hereafter acquired or held by the Grantor (or, if applicable, the Parent Guarantor) in connection with the right to use or occupy space at each U.S. airport covered by the Narita Routes to the extent necessary for servicing the permitted scheduled air carrier service authorized by the Narita Routes related to that airport.

"GOVERNMENTAL AUTHORITY" means any Federal, state, municipal or other governmental or quasi-governmental department, commission, board, bureau, agency, administration or instrumentality or any court, in each case whether of the United States or foreign.

"JFK" means New York's John F. Kennedy (JFK) International Airport.

"NARITA ROUTES" means the requisite authority held on the date of this Agreement by the Grantor (or, if applicable, Parent Guarantor) to operate scheduled service between the United States and Tokyo, Japan, pursuant to Title 49 (or otherwise acquired hereafter to replace an

existing Narita Route pursuant to Section 6(e) of this Agreement), including, without limitation, applicable frequencies, exemption and certificate authorities, all as set forth on Schedule 4(g) hereto, as may be amended from time to time pursuant to the terms of this Agreement.

"NARITA SLOT" means all of the rights and operational authority of the Grantor (and, if applicable, Parent Guarantor) on the date of this Agreement (or otherwise acquired hereafter to replace an existing Narita Slot pursuant to Section 6(g) of this Agreement), to conduct one landing or takeoff at a specific time or in a specific time period on a specific day of the week at Narita Airport, Tokyo, Japan, as described on Schedule 4(e), as amended from time to time pursuant to the terms of this Agreement.

"NARITA SLOT UTILIZATION REPORT" means a quarterly report, in a format reasonably acceptable to the Collateral Agent, showing for the related calendar quarter the number of Narita Slots allocated to the Grantor during such period, the number of Narita Slots used by the Grantor during such period for air carrier service and, to the extent any allocated Narita Slot was not used during such period, showing the week in any month and the day in such week during which air carrier service was not operated and allocated to such Narita Slot.

"PROCEEDS" shall have the meaning assigned that term under the Uniform Commercial Code in effect in the State of New York or under other relevant law and, in any event, shall include, but not be limited to, any and all (i) proceeds of any insurance, indemnity, warranty or guarantee payable to the Collateral Agent or to the Grantor or any Affiliate of the Grantor from time to time with respect to any of the Collateral, (ii) payments (in any form whatsoever), made or due and payable to the Grantor from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of all or any part of the Collateral by any Governmental Authority (or any Person acting under color of Governmental Authority), (iii) instruments representing obligations to pay amounts in respect of the Collateral, (iv) products of the Collateral, (v) any and all rights of the Grantor to receive moneys due and to become due from any Person under or pursuant to any contract or other agreement with respect to the Collateral, including, all rents, revenues, royalties, license fees, for the use, or otherwise in respect, of the Collateral, (vi) all causes of action, claims and warranties now or hereafter held by the Grantor in respect of any of the assets and property of the Grantor described in Section 1 and, to the extent related to any property described in said Section 1, all books, correspondence, credit files, records, invoices and other papers, and (vii) other amounts from time to time paid or payable under or in connection with any of the Collateral.

"REPLACEMENT SLOT" means such Slots or Narita Slots which have been permanently received by the Grantor as may be permitted by and made subject to the Lien of this Agreement pursuant to Sections 6(f) and (g).

"REQUIREMENTS" has the meaning set forth in Section 6(i) hereof.

"SGR RESPONSIBLE OFFICER" means any employee of the Borrower having oversight responsibility for the administration of this Agreement.

"SLOT" means all of the rights and operational authority of the Grantor (and, if applicable, Parent Guarantor) held on the date of this Agreement (or otherwise acquired hereafter to replace

an existing Slot pursuant to Section 6(g) of this Agreement), to conduct one Instrument Flight Rule (as defined under the FAA regulations) landing or takeoff operation, in support of the Grantor's Narita Routes during a specific hour or half-hour period at JFK pursuant to FAA regulations, including Title 14, as described on Schedule 4(d), as amended from time to time pursuant to the terms of this Agreement.

"SUPPORTING ROUTE FACILITIES" means gates, ticket counters and other facilities at Tokyo's Narita Airport necessary to operate, or otherwise used in support of the operation of, a Narita Route.

"TITLE 14" means Title 14 of the U.S. Code of Federal Regulations, Part 93, Subparts K and S, as amended from time to time or any successor or recodified regulation.

"TITLE 49" means Title 49 of the United States Code, which, among other things, recodified and replaced the U.S. Federal Aviation Act of 1958, and the regulations promulgated pursuant thereto or any subsequent legislation that amends, supplements or supersedes such provisions.

"UNITED STATES CITIZEN" means `citizen of the United States' as defined in Section 40102(a)(15) of Title 49 and as that statutory provision has been interpreted by the DOT pursuant to its policies.

"USE OR LOSE RULE" shall mean with respect to Slots, the terms of 14 C.F.R. Section 93.227.

Section 17. NOTICES. All notices and other communications provided for hereunder shall be either (i) in writing (including telecopier or telex communication) and mailed, telecopied, telexed or otherwise delivered or (ii) by electronic mail (if electronic mail addresses are designated as provided below), in the case of the Collateral Agent, addressed to it at its address specified in the Credit Agreement and, in the case of the Grantor, addressed to it at its address set forth opposite the Grantor's name on the signature pages hereto; or, as to any party, at such other address as shall be designated by such party in a written notice to the other parties. All such notices and other communications shall, when mailed, telecopied, telexed, sent by electronic mail or otherwise, be effective when deposited in the mails, telecopied, confirmed by telex answerback, sent by electronic mail and confirmed in writing, or otherwise delivered (or confirmed by a signed receipt), respectively, addressed as aforesaid; except that notices and other communications to the Collateral Agent shall not be effective until received by the Collateral Agent. Delivery by telecopier of an executed counterpart of any amendment or waiver of any provision of this Agreement or Schedule hereto shall be effective as delivery of an original executed counterpart thereof.

Section 18. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

Section 19. SEVERABILITY OF PROVISIONS. 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 or affecting the validity or enforceability of such provision in any other jurisdiction.

Section 20. HEADINGS. Section headings used in this Agreement are for convenience of reference only and shall not affect the construction of this Agreement. Section 21. EXECUTION IN COUNTERPARTS. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by telecopier shall be effective as delivery of a manually executed counterpart of this Agreement.

Section 22. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby and by the Credit Agreement; provided, that the Grantor may not transfer or assign any or all of its rights or obligations hereunder without the prior written consent of the Collateral Agent.

Section 23. SURVIVAL OF REPRESENTATIONS AND WARRANTIES, ETC. All representations and warranties made by the Grantor herein or in any certificate or other instrument delivered by the Grantor or on its behalf under this Agreement shall be considered to have been relied upon by the Secured Parties and shall survive the execution and delivery of this Agreement, the Credit Agreement and the other Financing Documents.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first written.

AMERICAN AIRLINES, INC.,
as Grantor

By: _____
Name:
Title:

Address for Notices:

American Airlines, Inc.
4333 Amon Carter Boulevard
Fort Worth, Texas 76155
Attention: Vice President - Corporate Development
and Treasurer
Telecopy: 817-967-4318

CITICORP USA, INC.,
as Collateral Agent

By: _____
Name:
Title:

SCHEDULE 4(d)

SLOTS

American Airlines SGR Security Agreement

SCHEDULE 4(e)

NARITA SLOTS

American Airlines SGR Security Agreement

SCHEDULE 4(g)

NARITA ROUTES

SCHEDULE 4(h)

SUPPORTING ROUTE FACILITIES

American Airlines SGR Security Agreement

EXHIBIT I

TO
SGR SECURITY AGREEMENT

Office of Slot Administration
Office of Chief Counsel - Slot Transfers
Federal Aviation Administration
800 Independence Avenue, S.W.
Washington, D.C. 20591

Re: Request for Confirmation of Slot Transfers

Dear Sirs/Madams:

Please be advised that, pursuant to 14 C.F.R. ss. 93.221(a), American Airlines, Inc. ("AMERICAN") intends to transfer all rights, interests, and privileges pertaining to the slots listed on the attached Schedule A (attached hereto) to _____. The slots involved in the transaction are transferable under the High Density Rule. They are not IATA slots, are not used exclusively for essential air service, nor are they AIR-21 slot exemptions. This slot transfer is permanent.

This letter serves as written evidence of American's and _____'s consent to the transfer of the above-referenced slots -- said transfer to be effective as of the date upon which _____ signs this letter, subject to confirmation by the FAA. Upon confirmation by the FAA, _____ will become the holder of record of the above-described slots.

Please confirm the transfer of the above-described slots by stamping and signing the acknowledgement copy of this letter and returning it to _____ by facsimile at (___) ___-____ and by mail at_____ _____.

Sincerely,

By _____
Name:
Title:

By _____
Name:
Title:

CONFIRMED BY:

_____
[FAA Name, Date]

Schedule A to
Request for Confirmation
of Slot Transfers

WINTER SLOT

Slot ID: 15034
Slot Time: 1700-1759
Type: Non-directional (note: winter slots are 59 minutes and non-directional, i.e. can be used for either a takeoff or landing)

SUMMER SLOT

Slot ID: 5034
Slot Time: 1700-1729
Type: Arrival   (note: summer slots are 29 minutes and are directional)

Exhibit F

EXECUTION COPY

PLEDGE AGREEMENT

Dated December 17, 2004

From

AMR CORPORATION

as Pledgor

to

CITICORP USA, INC.

as Collateral Agent

TABLE OF CONTENTS

PLEDGE AGREEMENT

PLEDGE AGREEMENT dated December 17, 2004, made by AMR Corporation, a Delaware corporation (the "PLEDGOR"), to Citicorp USA, Inc., as collateral agent (in such capacity, together with any successor agent appointed pursuant to Article VIII of the Credit Agreement (as hereinafter defined), the "COLLATERAL AGENT") for the Secured Parties (as defined in the Credit Agreement).

PRELIMINARY STATEMENTS:

(1) American Airlines, Inc., a Delaware corporation (the "BORROWER") has entered into a Credit Agreement dated as of December 17, 2004 (said Agreement, as it may hereafter be amended, amended and restated, supplemented or otherwise modified from time to time, being the "CREDIT AGREEMENT") with the Lenders, the Agent and the Lead Arrangers (each as defined therein).

(2) Pursuant to the Credit Agreement, the Pledgor is entering into this Agreement in order to grant to the Collateral Agent for the ratable benefit of the Secured Parties a security interest in the Collateral (as hereinafter defined).

(3) The Pledgor is the owner of the shares of stock or other Equity Interests (the "INITIAL PLEDGED EQUITY") set forth opposite the Pledgor's name on and as otherwise described in Schedule II hereto and issued by the Borrower.

(4) It is a condition precedent to the making of Advances by the Lenders under the Credit Agreement from time to time that the Pledgor shall have granted the security interest contemplated by this Agreement.

(5) The Pledgor will derive substantial direct and indirect benefit from the transactions contemplated by the Financing Documents.

(6) Terms defined in the Credit Agreement and not otherwise defined in this Agreement are used in this Agreement as defined in the Credit Agreement. Further, unless otherwise defined in this Agreement or in the Credit Agreement, terms defined in Article 8 or 9 of the UCC (as defined below) are used in this Agreement as such terms are defined in such Article 8 or 9. "UCC" means the Uniform Commercial Code as in effect, from time to time, in the State of New York; provided that, if perfection or the effect of perfection or non-perfection or the priority of any security interest in any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of New York, "UCC" means the Uniform Commercial Code as in effect from time to time in such other jurisdiction for purposes of the provisions hereof relating to such perfection, effect of perfection or non-perfection or priority.

NOW, THEREFORE, in consideration of the premises and in order to induce the Lenders to make Advances from time to time, the Pledgor hereby agrees with the Collateral Agent for the ratable benefit of the Secured Parties as follows:

Section 1. Grant of Security. The Pledgor hereby grants to the Collateral Agent, for the ratable benefit of the Secured Parties, a security interest in the Pledgor's right, title and interest in and to the following, in each case, as to each type of property described below, whether now owned or hereafter acquired by the Pledgor, wherever located, and whether now or hereafter existing or arising (collectively, the "COLLATERAL"):

(a) the following (the "SECURITY COLLATERAL"):

(i) the Initial Pledged Equity and the certificates, if any, representing the Initial Pledged Equity, and all dividends, distributions, return of capital, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of the Initial Pledged Equity and all subscription warrants, rights or options issued thereon or with respect thereto;

(ii) all additional shares of stock and other Equity Interests of or in the Borrower or any successor entity from time to time acquired by the Pledgor in any manner (such shares and other Equity Interests, together with the Initial Pledged Equity, being the "PLEDGED EQUITY"), and the certificates, if any, representing such additional shares or other Equity Interests, and all dividends, distributions, return of capital, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such shares or other Equity Interests and all subscription warrants, rights or options issued thereon or with respect thereto; and

(b) all proceeds of any and all of the Collateral (including, without limitation, proceeds and collateral that constitute property of the types described in clause (a) of this Section 1 and this clause (b)).

Section 2. Security for Obligations. This Agreement secures the payment of all Obligations of the Pledgor now or hereafter existing under the Financing Documents, whether direct or indirect, absolute or contingent, and whether for principal, reimbursement obligations, interest, fees, premiums, penalties, indemnifications, contract causes of action, costs, expenses or otherwise (all such Obligations being the "SECURED OBLIGATIONS").

Section 3. Delivery and Control of Security Collateral. (a) All certificates or instruments representing or evidencing Security Collateral shall be delivered to and held by or on behalf of the Collateral Agent pursuant hereto and shall be in suitable form for transfer by delivery, or shall be accompanied by duly executed instruments of transfer or assignment in blank, all in form and substance satisfactory to the Collateral Agent. The Collateral Agent shall have the right, at any time in its discretion and without notice to the Pledgor, to transfer to or to register in the name of the Collateral Agent or any of its nominees any or all of the Security Collateral, subject only to the revocable rights specified in Section 7(a). In addition, the Collateral Agent shall have the right at any time to exchange certificates or instruments representing or evidencing Security Collateral for certificates or instruments of smaller or larger denominations.

(b) With respect to any Security Collateral in which the Pledgor has any right, title or interest and that constitutes an uncertificated security, the Pledgor will cause the issuer thereof either (i) to register the Collateral Agent as the registered owner of such security or (ii) to agree in an authenticated record with the Pledgor and the Collateral Agent that such issuer will comply with instructions with respect to such security originated by the Collateral Agent without further consent of the Pledgor, such authenticated record to be in form and substance reasonably satisfactory to the Collateral Agent.

(c) With respect to any Security Collateral in which the Pledgor has any right, title or interest and that is not an uncertificated security, upon the request of the Collateral Agent upon the occurrence and during the continuance of an Event of Default, the Pledgor will notify each such issuer of Pledged Equity that such Pledged Equity is subject to the security interest granted hereunder.

Section 4. Representations and Warranties. The Pledgor represents and warrants as follows:

(a) The Pledgor's exact legal name, as defined in Section 9-503(a) of the UCC, is correctly set forth in Schedule I hereto. The Pledgor has only the trade names listed on Schedule I hereto. The Pledgor is located (within the meaning of Section 9-307 of the UCC) in the state or jurisdiction set forth in Schedule I hereto. The information set forth in Schedule I hereto with respect to the Pledgor is true and accurate in all respects.

(b) All Security Collateral consisting of certificated securities and instruments has been delivered to the Collateral Agent.

(c) The Pledgor is the legal and beneficial owner of the Collateral of the Pledgor free and clear of any Lien, claim, option or right of others, except for the security interest created under this Agreement and Permitted Liens. No effective financing statement or other instrument similar in effect covering all or any part of such Collateral or listing the Pledgor or any trade name of the Pledgor as debtor with respect to such Collateral is on file in any recording office, except such as may have been filed in favor of the Collateral Agent relating to the Financing Documents.

(d) The Pledged Equity pledged by the Pledgor hereunder has been duly authorized and validly issued and is fully paid and non-assessable. With respect to the Pledged Equity that is an uncertificated security, the Pledgor has caused the issuer thereof either (i) to register the Collateral Agent as the registered owner of such security or (ii) to agree in an authenticated record with the Pledgor and the Collateral Agent that such issuer will comply with instructions with respect to such security originated by the Collateral Agent without further consent of the Pledgor.

(e) The Initial Pledged Equity pledged by the Pledgor constitutes the percentage of the issued and outstanding Equity Interests of the issuers thereof indicated on Schedule II hereto.

(f) All filings and other actions (including without limitation, actions necessary to obtain control of Collateral as provided in Section 9-106 of the UCC)

necessary to perfect the security interest in the Collateral of the Pledgor created under this Agreement have been duly made or taken and are in full force and effect, and this Agreement creates in favor of the Collateral Agent for the benefit of the Secured Parties a valid and, together with such filings and other actions, perfected first priority security interest in the Collateral of the Pledgor, securing the payment of the Secured Obligations.

(g) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or any other third party is required for (i) the grant by the Pledgor of the security interest granted hereunder or for the execution, delivery or performance of this Agreement by the Pledgor, (ii) the perfection or maintenance of the security interest created hereunder (including the first priority nature of such security interest), except for the filing of financing and continuation statements under the UCC, which financing statements have been duly filed and are in full force and effect, and the actions described in Section 3 with respect to Security Collateral, which actions have been taken and are in full force and effect or (iii) the exercise by the Collateral Agent of its voting or other rights provided for in this Agreement or the remedies in respect of the Collateral pursuant to this Agreement, except as may be required in connection with the disposition of any portion of the Security Collateral by laws affecting the offering and sale of securities generally.

Section 5. Further Assurances. (a) The Pledgor agrees that from time to time, at the expense of the Pledgor, the Pledgor will promptly execute and deliver, or otherwise authenticate, all further instruments and documents, and take all further action that may be necessary or desirable, or that the Collateral Agent may reasonably request, in order to perfect and protect any pledge or security interest granted or purported to be granted by the Pledgor hereunder or to enable the Collateral Agent to exercise and enforce its rights and remedies hereunder with respect to any Collateral of the Pledgor. Without limiting the generality of the foregoing, the Pledgor will promptly: (i) file such financing or continuation statements, or amendments thereto, and such other instruments or notices, as may be necessary or desirable, or as the Collateral Agent may reasonably request, in order to perfect and preserve the security interest granted or purported to be granted by the Pledgor hereunder; (ii) deliver and pledge to the Collateral Agent for benefit of the Secured Parties certificates representing Security Collateral that constitutes certificated securities, accompanied by undated stock or bond powers executed in blank; (iii) take all action necessary to ensure that the Collateral Agent has control of Collateral consisting of investment property as provided in Section 9-106 of the UCC; and (iv) deliver to the Collateral Agent evidence that all other action that the Collateral Agent may deem reasonably necessary or desirable in order to perfect and protect the security interest created by the Pledgor under this Agreement has been taken. From time to time at the request of the Collateral Agent upon the occurrence and during the continuance of an Event of Default, the Pledgor will, at such Pledgor's expense, cause to be delivered to the Collateral Agent, for the benefit of the Secured Parties, an opinion of counsel, from counsel reasonably satisfactory to the Collateral Agent, as to such matters relating to the transactions contemplated hereby as the Collateral Agent may reasonably request.

(b) The Pledgor hereby authorizes the Collateral Agent to file one or more financing or continuation statements, and amendments thereto indicating that such financing statements cover the Collateral, in each case without the signature of such Pledgor, and

regardless of whether any particular asset described in such financing statements falls within the scope of the UCC or the granting clause of this Agreement. A photocopy or other reproduction of this Agreement or any financing statement covering the Collateral or any part thereof shall be sufficient as a financing statement where permitted by law. The Pledgor ratifies its authorization for the Collateral Agent to have filed such financing statements, continuation statements or amendments filed prior to the date hereof.

(c) The Pledgor will furnish to the Collateral Agent from time to time statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as the Collateral Agent may reasonably request, all in reasonable detail.

(d) The Borrower will furnish to the Collateral Agent, on or prior to the fifth anniversary of the date hereof (but not more than six months prior thereto), an opinion of counsel, from counsel reasonably satisfactory to the Collateral Agent, to the effect that all financing or continuation statements have been filed, and all other action has been taken (including, without limitation, action necessary to give the Collateral Agent control over the Collateral as provided in Section 9-106 of the UCC) to perfect continuously from the date hereof the security interest granted hereunder.

Section 6. Post-Closing Changes. The Pledgor will not change its name, type of organization, jurisdiction of organization, organizational identification number or location from those set forth in Section 4(a) without first giving at least 30 days' prior written notice to the Collateral Agent and taking all action required by the Collateral Agent for the purpose of perfecting or protecting the security interest granted by this Agreement. The Pledgor will hold and preserve its records relating to the Collateral and will permit representatives of the Collateral Agent at any time during normal business hours to inspect and make abstracts from such records and other documents. If the Pledgor does not have an organizational identification number and later obtains one, it will forthwith notify the Collateral Agent of such organizational identification number.

Section 7. Voting Rights; Dividends; Etc. (a) So long as no Event of Default shall have occurred and be continuing:

(i) The Pledgor shall be entitled to exercise any and all voting and other consensual rights pertaining to the Security Collateral or any part thereof for any purpose; provided however, that the Pledgor will not exercise or refrain from exercising any such right if such action would, in its good faith judgment, have a material adverse effect on the value of the Security Collateral or any part thereof.

(ii) The Pledgor shall be entitled to receive and retain any and all dividends, interest and other distributions paid in respect of the Security Collateral if and to the extent that the payment thereof is not otherwise prohibited by the terms of the Financing Documents; provided, however, that any and all

(A) dividends, interest and other distributions paid or payable other than in cash in respect of, and instruments and other property received, receivable or otherwise distributed in respect of, or in exchange for, any Security Collateral,

(B) dividends and other distributions paid or payable in cash in respect of any Security Collateral in connection with a partial or total liquidation or dissolution or in connection with a reduction of capital, capital surplus or paid-in-surplus and

(C) cash paid, payable or otherwise distributed in respect of principal of, or in redemption of, or in exchange for, any Security Collateral

shall be, and shall be forthwith delivered to the Collateral Agent to hold as, Security Collateral and shall, if received by the Pledgor, be received in trust for the benefit of the Collateral Agent, be segregated from the other property or funds of the Pledgor and be forthwith delivered to the Collateral Agent as Security Collateral in the same form as so received (with any necessary indorsement).

(iii) The Collateral Agent will execute and deliver (or cause to be executed and delivered) to the Pledgor all such proxies and other instruments as the Pledgor may reasonably request for the purpose of enabling the Pledgor to exercise the voting and other rights that it is entitled to exercise pursuant to paragraph (i) above and to receive the dividends or interest payments that it is authorized to receive and retain pursuant to paragraph (ii) above.

(b) Upon the occurrence and during the continuance of an Event of Default:

(i) Upon notice to the Pledgor by the Collateral Agent, all rights of the Pledgor (x) to exercise or refrain from exercising the voting and other consensual rights that it would otherwise be entitled to exercise pursuant to Section 7(a)(i) shall cease and (y) to receive the dividends, interest and other distributions that it would otherwise be authorized to receive and retain pursuant to Section 7(a)(ii) shall automatically cease, and all such rights shall thereupon become vested in the Collateral Agent, which shall thereupon have the sole right to exercise or refrain from exercising such voting and other consensual rights and to receive and hold as Security Collateral such dividends, interest and other distributions.

(ii) All dividends, interest and other distributions that are received by the Pledgor contrary to the provisions of paragraph (i) of this Section 7(b) shall be received in trust for the benefit of the Collateral Agent, shall be segregated from other funds of the Pledgor and shall be forthwith paid over to the Collateral Agent as Security Collateral in the same form as so received (with any necessary indorsement).

Section 8. Transfers and Other Liens; Additional Shares. (a) The Pledgor agrees that it will not (i) sell, assign or otherwise dispose of, or grant any option with respect to, any of the Collateral, or (ii) create or suffer to exist any Lien upon or with respect to any of the Collateral except for the pledge, assignment and security interest created under this Agreement and Permitted Liens.

(b) The Pledgor agrees that it will (i) cause the issuer of the Pledged Equity not to issue any Equity Interests or other securities in addition to or in substitution for the Pledged Equity issued by the issuer, except to the Pledgor, and (ii) pledge hereunder, immediately upon its acquisition (directly or indirectly) thereof, any and all additional Equity Interests or other securities of the issuer of the Pledged Equity.

Section 9. Collateral Agent Appointed Attorney-in-Fact. The Pledgor hereby irrevocably appoints the Collateral Agent the Pledgor's attorney-in-fact, with full authority in the place and stead of the Pledgor and in the name of the Pledgor or otherwise, from time to time in the Collateral Agent's discretion, to take any action and to execute any instrument that the Collateral Agent may deem necessary to accomplish the purposes of this Agreement, including, without limitation:

(a) to ask for, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for moneys due and to become due under or in respect of any of the Collateral,

(b) to receive, indorse and collect any drafts or other instruments or documents, in connection with clause (a) above, and

(c) to file any claims or take any action or institute any proceedings that the Collateral Agent may deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce the rights of the Collateral Agent with respect to any of the Collateral.

Section 10. Collateral Agent May Perform. If the Pledgor fails to perform any agreement contained herein, the Collateral Agent may, but without any obligation to do so and with prior notice to the Pledgor, unless an Event of Default has occurred and is continuing, itself perform, or cause performance of, such agreement, and the expenses of the Collateral Agent incurred in connection therewith shall be payable by the Pledgor under Section 13.

Section 11. The Collateral Agent's Duties. (a) The powers conferred on the Collateral Agent hereunder are solely to protect the Secured Parties' interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Except for the safe custody of any Collateral in its possession and the accounting for moneys actually received by it hereunder, the Collateral Agent shall have no duty as to any Collateral, as to ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relative to any Collateral, whether or not any Secured Party has or is deemed to have knowledge of such matters, or as to the taking of any necessary steps to preserve rights against any parties or any other rights pertaining to any Collateral. The Collateral Agent shall be deemed to have exercised reasonable care in the custody and preservation of any Collateral in its possession if such Collateral is accorded treatment substantially equal to that which it accords its own property.

(b) Anything contained herein to the contrary notwithstanding, the Collateral Agent may from time to time, when the Collateral Agent deems it to be necessary, appoint one or more subagents (each a "SUBAGENT") for the Collateral Agent hereunder with respect to all or any part of the Collateral. In the event that the Collateral Agent so appoints any Subagent with

respect to any Collateral, (i) the assignment and pledge of such Collateral and the security interest granted in such Collateral by the Pledgor hereunder shall be deemed for purposes of this Agreement to have been made to such Subagent, in addition to the Collateral Agent, for the ratable benefit of the Secured Parties, as security for the Secured Obligations of the Pledgor, (ii) such Subagent shall automatically be vested, in addition to the Collateral Agent, with all rights, powers, privileges, interests and remedies of the Collateral Agent hereunder with respect to such Collateral, and (iii) the term "Collateral Agent," when used herein in relation to any rights, powers, privileges, interests and remedies of the Collateral Agent with respect to such Collateral, shall include such Subagent; provided, however, that no such Subagent shall be authorized to take any action with respect to any such Collateral unless and except to the extent expressly authorized in writing by the Collateral Agent.

Section 12. Remedies. If any Event of Default shall have occurred and be continuing:

(a) The Collateral Agent may exercise in respect of the Collateral, in addition to other rights and remedies provided for herein or otherwise available to it, all the rights and remedies of a secured party upon default under the UCC (whether or not the UCC applies to the affected Collateral) and also may: (i) without notice except as specified below, sell the Collateral or any part thereof in one or more parcels at public or private sale, at any of the Collateral Agent's offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as the Collateral Agent may deem commercially reasonable; and (ii) exercise any and all rights and remedies of the Pledgor under or in connection with the Collateral, or otherwise in respect of the Collateral, including, without limitation, those set forth in Section 9-607 of the UCC. The Pledgor agrees that, to the extent notice of sale shall be required by law, at least ten days' notice to the Pledgor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. The Collateral Agent shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. The Collateral Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

(b) Any cash held by or on behalf of the Collateral Agent and all cash proceeds received by or on behalf of the Collateral Agent in respect of any sale of, collection from, or other realization upon all or any part of the Collateral may, in the discretion of the Collateral Agent, be held by the Collateral Agent as collateral for, and/or then or at any time thereafter applied (after payment of any amounts payable to the Collateral Agent pursuant to Section 13) in whole or in part by the Collateral Agent for the ratable benefit of the Secured Parties against, all or any part of the Secured Obligations, in the manner set forth in Section 2.11(e) of the Credit Agreement. Any surplus of such cash or cash proceeds held by or on the behalf of the Collateral Agent and remaining after payment in full of all the Secured Obligations shall be paid over to the Pledgor or to whomsoever may be lawfully entitled to receive such surplus.

(c) All payments received by the Pledgor in respect of the Collateral shall be received in trust for the benefit of the Collateral Agent, shall be segregated from other

funds of the Pledgor and shall be forthwith paid over to the Collateral Agent in the same form as so received (with any necessary indorsement).

(d) If the Collateral Agent shall determine to exercise its right to sell all or any of the Security Collateral of the Pledgor pursuant to this Section 12, the Pledgor agrees that, upon request of the Collateral Agent, the Pledgor will, at its own expense:

(i) execute and deliver, and cause each issuer of such Security Collateral contemplated to be sold and the directors and officers thereof to execute and deliver, all such instruments and documents, and do or cause to be done all such other acts and things, as may be necessary or, in the opinion of the Collateral Agent, advisable to register such Security Collateral under the provisions of the Securities Act of 1933 (as amended from time to time, the "SECURITIES ACT"), to cause the registration statement relating thereto to become effective and to remain effective for such period as prospectuses are required by law to be furnished and to make all amendments and supplements thereto and to the related prospectus that, in the opinion of the Collateral Agent, are reasonably necessary or advisable, all in conformity with the requirements of the Securities Act and the rules and regulations of the Securities and Exchange Commission applicable thereto;

(ii) use its best efforts to qualify the Security Collateral under the state securities or "Blue Sky" laws and to obtain all necessary governmental approvals for the sale of such Security Collateral, as reasonably requested by the Collateral Agent;

(iii) cause each such issuer of such Security Collateral to make available to its security holders, as soon as practicable, an earnings statement that will satisfy the provisions of Section 11(a) of the Securities Act;

(iv) provide the Collateral Agent with such other information and projections as may be necessary or, in the opinion of the Collateral Agent, reasonably advisable to enable the Collateral Agent to effect the sale of such Security Collateral; and

(v) do or cause to be done all such other acts and things as may be necessary to make such sale of such Security Collateral or any part thereof valid and binding and in compliance with applicable law.

(e) The Collateral Agent is authorized, in connection with any sale of the Security Collateral pursuant to this Section 12, to deliver or otherwise disclose to any prospective purchaser of the Security Collateral: (i) any registration statement or prospectus, and all supplements and amendments thereto, prepared pursuant to subsection (d)(i) above; (ii) any information and projections provided to it pursuant to subsection (d)(iv) above; and (iii) any other information in its possession relating to such Security Collateral.

Section 13. Indemnity and Expenses. (a) The Pledgor agrees to indemnify, defend and save and hold harmless each Secured Party and each of their Affiliates and their respective officers, directors, employees, agents and advisors (each, an "INDEMNIFIED PARTY") from and against, and shall pay on demand, any and all claims, damages, losses, liabilities and expenses (including, without limitation, reasonable fees and expenses of counsel) that may be incurred by or asserted or awarded against any Indemnified Party, in each case arising out of or in connection with or resulting from this Agreement (including, without limitation, enforcement of this Agreement), except to the extent such claim, damage, loss, liability or expense is found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted from such Indemnified Party's gross negligence or willful misconduct.

(b) The Pledgor will upon demand pay to the Collateral Agent the amount of any and all reasonable expenses, including, without limitation, the reasonable fees and expenses of its counsel and of any experts and agents, that the Collateral Agent may incur in connection with (i) the custody or preservation of, or the sale of, collection from or other realization upon, any of the Collateral of the Pledgor, (ii) the exercise or enforcement of any of the rights of the Collateral Agent or the other Secured Parties hereunder or (iii) the failure by the Pledgor to perform or observe any of the provisions hereof.

Section 14. Amendments; Waivers; Additional Pledgors; Etc. (a) No amendment or waiver of any provision of this Agreement, and no consent to any departure by the Pledgor herefrom, shall in any event be effective unless the same shall be in writing and signed by the Collateral Agent, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No failure on the part of the Collateral Agent or any other Secured Party to exercise, and no delay in exercising any right hereunder, shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right.

Section 15. Notices, Etc. All notices and other communications provided for hereunder shall be either (i) in writing (including telecopier or telex communication) and mailed, telecopied, telexed or otherwise delivered or (ii) by electronic mail (if electronic mail addresses are designated as provided below), in the case of the Collateral Agent, addressed to it at its address specified in the Credit Agreement and, in the case of the Pledgor, addressed to it at its address set forth opposite the Pledgor's name on the signature pages hereto; or, as to any party, at such other address as shall be designated by such party in a written notice to the other parties. All such notices and other communications shall, when mailed, telecopied, telexed, sent by electronic mail or otherwise, be effective when deposited in the mails, telecopied, confirmed by telex answerback, sent by electronic mail and confirmed in writing, or otherwise delivered (or confirmed by a signed receipt), respectively, addressed as aforesaid; except that notices and other communications to the Collateral Agent shall not be effective until received by the Collateral Agent. Delivery by telecopier of an executed counterpart of any amendment or waiver of any provision of this Agreement or Schedule hereto shall be effective as delivery of an original executed counterpart thereof.

Section 16. Continuing Security Interest; Assignments Under the Credit Agreement. This Agreement shall create a continuing security interest in the Collateral and shall (a) remain in full force and effect until the latest of (i) the payment in full in cash of the Secured

Obligations and (ii) the Termination Date, (b) be binding upon the Pledgor, its successors and assigns and (c) inure, together with the rights and remedies of the Collateral Agent hereunder, to the benefit of the Secured Parties and their respective successors, transferees and assigns. Without limiting the generality of the foregoing clause (c), any Lender may assign or otherwise transfer all or any portion of its rights and obligations under the Credit Agreement (including, without limitation, all or any portion of its Commitments, the Advances owing to it and the Note or Notes, if any, held by it) to any other Person, and such other Person shall thereupon become vested with all the benefits in respect thereof granted to such Lender herein or otherwise, in each case as provided in Section 9.07 of the Credit Agreement.

Section 17. Release; Termination. (a) Upon any sale, transfer or other disposition of any item of Collateral of the Pledgor in accordance with the terms of the Financing Documents, the Collateral Agent will, at the Pledgor's expense, execute and deliver to the Pledgor such documents as the Pledgor shall reasonably request to evidence the release of such item of Collateral from the security interest granted hereby; provided, however, that (i) at the time of such request and such release no Event of Default shall have occurred and be continuing, and (ii) the Pledgor shall have delivered to the Collateral Agent, at least ten Business Days prior to the date of the proposed release, a written request for release describing the item of Collateral and the terms of the sale, transfer or other disposition in reasonable detail, including, without limitation, the price thereof and any expenses in connection therewith, together with a form of release for execution by the Collateral Agent and a certificate of the Pledgor to the effect that the transaction is in compliance with the Financing Documents and as to such other matters as the Collateral Agent may request.

(b) Upon the latest of (i) the payment in full in cash of the Secured Obligations and (ii) the Termination Date, the pledge and security interest granted hereby shall terminate and all rights to the Collateral shall revert to the Pledgor. Upon any such termination, the Collateral Agent will, at the Pledgor's expense, execute and deliver to the Pledgor such documents as the Pledgor shall reasonably request to evidence such termination.

Section 18. Execution in Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by telecopier shall be effective as delivery of an original executed counterpart of this Agreement.

Section 19. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

IN WITNESS WHEREOF, the Pledgor has caused this Agreement to be duly executed and delivered by its officer thereunto duly authorized as of the date first above written.

AMR CORPORATION

By _____

Name:
Title:

Address for Notices:
AMR Corporation
4333 Amon Carter Boulevard
Fort Worth, Texas 76155
Attention: Chief Financial Officer
Fax: (817) 967-4318

SCHEDULE I TO THE

PLEDGE AGREEMENT

LOCATION, TYPE OF ORGANIZATION, JURISDICTION OF ORGANIZATION AND ORGANIZATIONAL IDENTIFICATION NUMBER

PLEDGOR	LOCATION	TYPE OF ORGANIZATION	JURISDICTION OF ORGANIZATION	ORGANIZATIONAL I.D. NO.	TRADE NAMES

SCHEDULE II TO THE

PLEDGE AGREEMENT

PLEDGED EQUITY

PLEDGOR	ISSUER	CLASS OF EQUITY INTEREST	PAR VALUE	CERTIFICATE NO(S)	NUMBER OF SHARES	PERCENTAGE OF OUTSTANDING SHARES

Exhibit 12

AMR CORPORATION
Computation of Ratio of Earnings to Fixed Charges
(in millions)

	2004	2003	2002	2001	2000
Earnings:					
Earnings (loss) from continuing operations before income taxes and cumulative effect of accounting change	$ (761)	$ (1,308)	$ (3,860)	$ (2,756)	$ 1,273
Add: Total fixed charges (per below)	1,755	1,643	1,745	1,618	1,313
Less: Interest capitalized	80	71	86	144	151
Total earnings (loss)	$ 914	$ 264	$ (2,201)	$ (1,282)	$ 2,435
Fixed charges:					
Interest	$ 822	$ 665	$ 655	$ 515	$ 450
Portion of rental expense representative of the interest factor	869	930	1,053	1,076	844
Amortization of debt expense	64	48	37	27	19
Total fixed charges	$ 1,755	$ 1,643	$ 1,745	$ 1,618	$ 1,313
Ratio of earnings to fixed charges	—	—	—	—	1.85
Coverage deficiency	$ 841	$ 1,379	$ 3,946	$ 2,900	—

Exhibit 21

AMR CORPORATION
SUBSIDIARIES OF THE REGISTRANT
As of December 31, 2004

Subsidiary companies of the Registrant are listed below. With respect to the companies named, all voting securities are owned directly or indirectly by the Registrant, except where otherwise indicated.

Name of Subsidiary	State or Sovereign Power of Incorporation
Subsidiaries included in the Registrant's consolidated financial statements	
American Airlines, Inc.	Delaware
AA 2002 Class C Certificate Corporation	Delaware
AA 2002 Class D Certificate Corporation I	Delaware
AA 2003-1 Class C Certificate Corporation	Delaware
AA 2003-1 Class D Certificate Corporation	Delaware
AA 2004-1 Class B Note Corporation	Delaware
AA Real Estate Holding GP LLC	Delaware
AA Real Estate Holding LP	Delaware
AAV Tours LLC	Delaware
Admirals Club, Inc. (Massachusetts only)	Massachusetts
AEROSAN S.A. (50%)	Chile
AEROSAN Airport Services S.A. (50%)	Chile
American Airlines de Mexico, S.A.	Mexico
American Airlines de Venezuela, S.A.	Venezuela
American Airlines Realty (NYC) Holdings, Inc.	New York
American Aviation Supply LLC	Delaware
AMR Training Group, Inc.	Delaware
AMR Ventures III, Inc.	Delaware
oneworld Alliance, LLC (33.4%)	Delaware
oneworld Management Company Ltd. (33.4%)	Northwest Territories
Texas Aero Engine Services, L.L.C, dba TAESL (50/50 AA/Rolls-Royce)	Delaware
TWA Airlines LLC	Delaware
TWA Stock Holding Company, LLC	Delaware
Trans World PARS, LLC	Delaware
Americas Ground Services, Inc.	Delaware
Aerodespachos Colombia, S.A.	Colombia
Caribbean Dispatch Services, Ltd.	St. Lucia
Dispatch Services 93, S.A.	Venezuela
DSA	Dominican Republic
International Ground Services, S.A. de C.V.	Mexico
Panama Dispatch	Panama
Peru Dispatch Company	Peru

Name of Subsidiary	State or Sovereign Power of Incorporation
AMR Eagle Holding Corporation .	Delaware
American Eagle Airlines, Inc.	Delaware
AMR Leasing Corporation	Delaware
Aero Perlas (20%)	Panama
Eagle Aviation Services, Inc.	Delaware
Executive Airlines, Inc.	Delaware
AMR Foreign Sales Corporation, Ltd.	Bermuda
AMR Investment Services, Inc.	Delaware
American Private Equity Management, LLC	Delaware
Avion Assurance Ltd.	Bermuda
PMA Investment Subsidiary, Inc.	Delaware
SC Investment, Inc.	Delaware

Exhibit 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statements (Form S-8 No. 2-68366, Form S-8 No. 333-19325, Form S-8 No. 33-27866, Form S-8 No. 33-60725, Form S-8 No. 333-13751, Form S-8 No. 33-60727, Form S-8 No. 333-56947, Form S-8 No. 333-70239, Form S-3 No. 33-46325, Form S-3 No. 33-52121, Form S-3 No. 333-68211, Form S-3 No. 333-84292-01, Form S-8 No. 333-104611, Form S-3 No. 333-109978 and Form S-3 No. 333-110760) of AMR Corporation, and in the related Prospectuses, of our reports dated February 22, 2005, with respect to the consolidated financial statements and schedule of AMR Corporation, AMR Corporation management's assessment of the effectiveness of internal control over financial reporting, and the effectiveness of internal control over financial reporting of AMR Corporation, included in this Annual Report (Form 10-K) for the year ended December 31, 2004.

/s/ **ERNST & YOUNG LLP**

Dallas, Texas
February 22, 2005

Exhibit 31.1

I, Gerard J. Arpey, certify that:

1. I have reviewed this annual report on Form 10-K of AMR Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 25, 2005

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

Exhibit 31.2

I, James A. Beer, certify that:

1. I have reviewed this annual report on Form 10-K of AMR Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 25, 2005

/s/ James A. Beer
James A. Beer
Senior Vice President and Chief Financial Officer

Exhibit 32

AMR CORPORATION
Certification
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of AMR Corporation, a Delaware corporation (the Company), does hereby certify, to such officer's knowledge, that:

The Annual Report on Form 10-K for the year ended December 31, 2004 (the Form 10-K) of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 25, 2005

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

Date: February 25, 2005

/s/ James A. Beer
James A. Beer
Senior Vice President and Chief Financial Officer

The foregoing certification is being furnished solely pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code) and is not being filed as part of the Form 10-K or as a separate disclosure document.