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PROSPECTUS SUPPLEMENT (Subject to Completion, dated May 5, 1994)  
(To Prospectus dated June 5, 1992)

Pursuant to Rule 424(b)(5)  
File No. 33-42998

\$  
American Airlines  
1994-A Pass Through Trusts  
PASS THROUGH CERTIFICATES, SERIES 1994-A  
AMERICANAIRLINES

Each Pass Through Certificate offered hereby will represent a fractional undivided interest in one of the five American Airlines 1994-A Pass Through Trusts (the "Trusts") to be formed pursuant to a pass through trust agreement and five separate trust supplements between American Airlines, Inc. ("American") and State Street Bank and Trust Company of Connecticut, National Association, as trustee of each Trust. The property of the Trusts will consist of equipment notes (the "Equipment Notes") issued on a nonrecourse basis by certain trustees of separate owner trusts (each, an "Owner Trustee") pursuant to three separate leveraged lease transactions to refinance not more than 80% of the equipment cost of one Boeing 767-323ER aircraft and two Boeing 757-223 aircraft (collectively, the "Aircraft") which have been leased to American.

The Equipment Notes in respect of each Aircraft will be issued in five series. Each Trust will purchase one series of the Equipment Notes issued with respect to each of the three Aircraft such that all of the Equipment Notes held in each Trust will have an interest rate corresponding to the interest rate applicable to such Trust. The maturity dates of the Equipment Notes acquired by each Trust will occur on or before the final distribution date applicable to the Pass Through Certificates issued by such Trust. The Equipment Notes issued with respect to each Aircraft will be secured by a security interest in such Aircraft and by the Lease relating thereto, including the right to receive rentals payable in respect of such Aircraft by American. Although neither the Pass Through Certificates nor the Equipment Notes are direct obligations of, or guaranteed by, American, the amounts unconditionally payable by American for lease of the Aircraft will be sufficient to pay in full when due all payments required to be made on the Equipment Notes held in the Trusts.

Interest paid on the Equipment Notes held in each Trust will be passed through to the Certificateholders of such Trust on May 26 and November 26 of each year, commencing November 26, 1994, at the rate per annum set forth below for such Trust until the final distribution date for such Trust. Principal paid on the Equipment Notes held in Trusts 1994-A1, 1994-A2 and 1994-A3 will be passed through to the Certificateholders of each such Trust in full at their respective maturity dates. Principal payments on the Equipment Notes held in Trusts 1994-A4 and 1994-A5 will be passed through to the Certificateholders of each such Trust in scheduled amounts on May 26 or November 26, or both, commencing on the initial scheduled principal distribution date for such Trust set forth below, until the final distribution date for such Trust.

The Pass Through Certificates may not be purchased by any employee benefit plan subject to Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or individual retirement account or employee benefit plan subject to Section 4975 of the Internal Revenue Code of 1986, as amended (the "Code") (each, an "ERISA Plan") or by any entity whose assets constitute assets of an ERISA Plan. Certain governmental plans and non-electing church plans, however, are not subject to Title I of ERISA or Section 4975 of the Code and, therefore, may purchase the Pass Through Certificates. Each investor must determine whether it is permitted to purchase Pass Through Certificates. The purchase by any person of any Pass Through Certificate constitutes a representation by such person to American, the related owner participants, the Owner Trustees, the loan trustees and the trustee that such person is not an ERISA Plan and that such person is not acquiring, and has not acquired, such Pass Through Certificate with assets of an ERISA Plan.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS SUPPLEMENT OR THE PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

| PASS THROUGH CERTIFICATES | PRINCIPAL AMOUNT | INTEREST RATE | INITIAL SCHEDULED PRINCIPAL DISTRIBUTION DATE | FINAL DISTRIBUTION DATE | PRICE TO PUBLIC(1)(2) |
|---------------------------|------------------|---------------|---|-------------------------|-----------------------|
| 1994-A1                   | \$               | %             | , 199   | , 199                   | 100%                  |
| 1994-A2                   |                  |               | , 199   | , 199                   | 100                   |
| 1994-A3                   |                  |               | , 199   | , 199                   | 100                   |

- -----

- (1) Plus accrued interest, if any, at the applicable interest rate from May 26, 1994.
- (2) The underwriting commission varies by Trust and aggregates \$ , which constitutes 0. % of the principal amount of the Pass Through Certificates. The underwriting commissions, and certain other expenses estimated at \$ , will be payable ratably by the owner participants in the leveraged lease transactions (other than certain expenses to be paid directly by American). The proceeds from the sale of the Pass Through Certificates will be used to purchase the Equipment Notes from the Owner Trustees.

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The Pass Through Certificates offered hereby are offered by the Underwriters, subject to prior sale, when, as and if accepted by the Underwriters and subject to approval of certain legal matters by Shearman & Sterling, counsel for the Underwriters. It is expected that delivery of the Pass Through Certificates in book-entry form will be made on or about May 26, 1994 through the facilities of The Depository Trust Company, against payment therefor in immediately available funds.

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MORGAN STANLEY & CO.  
Incorporated  
LEHMAN BROTHERS  
SALOMON BROTHERS INC  
PRYOR, McCLENDON, COUNTS & CO., INC.

May , 1994

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS IN CONNECTION WITH THE OFFER CONTAINED IN THIS PROSPECTUS SUPPLEMENT, AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY AMERICAN OR BY THE UNDERWRITERS. THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS DO NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY SECURITIES OTHER THAN THE SECURITIES TO WHICH IT RELATES OR AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY SECURITIES IN ANY JURISDICTION TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION. NEITHER THE DELIVERY OF THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF AMERICAN SINCE THE DATE HEREOF OR THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO ITS DATE.

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IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE CERTIFICATES OFFERED HEREBY AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH TRANSACTIONS MAY BE EFFECTED IN THE OVER-THE-COUNTER MARKET OR OTHERWISE. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

## PROSPECTUS SUPPLEMENT SUMMARY

The following summary should be read in conjunction with the Prospectus Summary on page 4 of the accompanying Prospectus. Such summary does not purport to be complete and is qualified in its entirety by reference to the detailed information appearing elsewhere in this Prospectus Supplement and in the accompanying Prospectus.

## THE COMPANY

American, the principal subsidiary of AMR Corporation ("AMR"), was founded in 1934. American's passenger division is one of the largest scheduled passenger airlines in the world. As of December 31, 1993, American provided scheduled jet service to 106 cities on the U.S. mainland and in Hawaii, 28 in Latin America, 14 in Europe and 24 other destinations worldwide, including service to six cities provided through cooperative agreements with other airlines. American's cargo division provides a full range of freight and mail services to shippers throughout the airline's system. In addition, through cooperative agreements with other carriers, it has the ability to transport shipments to virtually any country in the world. American's SABRE Travel Information Network ("STIN") division provides travel reservation services through its computer reservation system, SABRE, one of the largest privately owned, real-time computer systems in the world; the SABRE Computer Services ("SCS") division manages AMR's data processing centers, voice and data communications networks and local-area computer networks worldwide; and the SABRE Development Services ("SDS") division provides applications development, software solutions, consulting, and other technology services to other AMR units. For a discussion of certain recent operating results and developments affecting American, see "Recent Operating Results and Developments."

## THE OFFERING

- Glossary..... Included at the end of the accompanying Prospectus as Appendix I is a Glossary of certain of the significant defined terms used herein and in the Prospectus.
- Trusts..... Each of the five American Airlines 1994-A Pass Through Trusts (the "Trusts") is to be formed pursuant to one of the five separate Pass Through Trust Supplements (each, a "Trust Supplement") to be entered into pursuant to the Pass Through Trust Agreement, as amended and restated as of February 1, 1992 (the "Basic Agreement"), between American Airlines, Inc. ("American") and State Street Bank and Trust Company of Connecticut, National Association, as trustee under each Trust (the "Trustee"). Each Trust will be a separate entity.
- Trust Property..... The property of each Trust will consist of Equipment Notes (the "Equipment Notes") issued on a nonrecourse basis by the owner trustees (each an "Owner Trustee") in each of three separate leveraged lease transactions to refinance not more than 80% of the equipment cost to the Owner Trustees of one Boeing 767-323ER aircraft and two Boeing 757-223 aircraft (collectively, the "Aircraft"). The Boeing 767-323ER aircraft was leased to American in May 1992 and the two Boeing 757-223 aircraft were leased to American in July 1991. The Equipment Notes will be issued in five series with respect to each of the Aircraft. Each Trust will acquire, pursuant to certain Refunding Agreements (each, a "Refunding Agreement"), those Equipment Notes having an interest rate equal to the interest rate applicable to the Pass Through Certificates, Series 1994-A (the "Pass Through Certificates") that will be issued by such Trust. The maturity dates of the Equipment Notes acquired by each Trust will occur on or before the final distribution date applicable to the Pass Through

Certificates issued by such Trust. The aggregate principal amount of the Equipment Notes held in each Trust will be the same as the aggregate principal amount of the Pass Through Certificates issued by such Trust.

#### Pass Through Certificates

##### Offered; Book-Entry

Registration..... The Pass Through Certificates will be issued in fully registered form and will be registered in the name of Cede & Co. as the nominee of The Depository Trust Company. No person acquiring an interest in the Pass Through Certificates will be entitled to receive a definitive certificate representing such person's interest in the related Trust, unless definitive certificates are issued, which will only occur under limited circumstances. See "Description of the Pass Through Certificates -- Payments and Distributions" in this Prospectus Supplement and "Description of the Pass Through Certificates -- Book-Entry Registration" in the accompanying Prospectus.

#### Regular Distribution

Dates..... May 26 and November 26 of each year.

#### Special Distribution

Dates..... Any Business Day on which a Special Payment is to be distributed.

Record Dates..... The fifteenth day preceding a Regular or Special Distribution Date.

#### Initial Average Life

Dates..... Trusts 1994-A1 through 1994-A3 will hold Equipment Notes whose principal is payable in full at their respective maturity dates. The initial average life dates for Pass Through Certificates issued by Trusts 1994-A4 and 1994-A5 are as follows:

| TRUST   | DATE  |
|---------|-------|
| -----   | ----- |
| 1994-A4 |       |
| 1994-A5 |       |

The average life dates for Pass Through Certificates issued by Trusts 1994-A4 and 1994-A5 will change after principal repayments of the related underlying Equipment Notes commence.

Distributions..... All payments of principal, premium, if any, and interest received by the Trustee on the Equipment Notes held in each Trust will be distributed by the Trustee to the Certificateholders of such Trust on the dates referred to below except in certain cases where such Equipment Notes are in default. Payments of interest or, in certain cases, principal and interest on the Equipment Notes held in each Trust are scheduled to be received by the Trustee of such Trust on May 26 and November 26, commencing November 26, 1994, and to be distributed to the Certificateholders of such Trust on the corresponding Regular Distribution Date. Payments of principal, premium, if any, and interest on the Equipment Notes held in each Trust resulting from the early redemption thereof, if any, will be distributed on the date of such redemption, which will be a Special Distribution Date. The Trustee will provide not less than 20 days' notice of such distribution to the Certificateholders of such Trust. For a discussion of distributions upon an Event of Default, see "Description of the Pass Through Certificates -- Events of Default" and "Description of the Pass Through Certificates -- Certain Rights Upon an Event of Default" in the accompanying Prospectus.

#### Equipment Notes:

Principal..... The Equipment Notes purchased by Trusts 1994-A1, 1994-A2 and 1994-A3 will pay interest only until they mature on , 199 ,

, 199 and , 199 ,  
 respectively. Trusts 1994-A4 and 1994-A5 will hold  
 Equipment Notes whose principal is payable in  
 scheduled amounts on May 26 or November 26, or both,  
 of each year, commencing , in the case  
 of Trust 1994-A4 and , in the case of  
 Trust 1994-A5 in accordance with the principal  
 repayment schedule set forth below under  
 "Description of the Equipment Notes -- Principal  
 Payments."

Equipment Notes:

Interest..... Interest will be payable on the Equipment Notes on  
 the unpaid principal amount thereof on May 26 and  
 November 26 of each year commencing on November 26,  
 1994.

Equipment Notes:

Redemption; Purchase.... (a) All the Equipment Notes issued with respect to  
 any Aircraft will be redeemed in whole at a price  
 equal to the aggregate unpaid principal amount  
 thereof, together with accrued interest thereon to,  
 but not including, the date of redemption, but  
 without premium, on a Special Distribution Date upon  
 the occurrence of an Event of Loss to such Aircraft  
 if such Aircraft is not replaced.

(b) All the Equipment Notes issued with respect to  
 any Aircraft, or all the Equipment Notes held in any  
 Trust, may be redeemed prior to maturity on a  
 Special Distribution Date at a price equal to the  
 aggregate unpaid principal amount thereof, together  
 with accrued interest thereon to, but not including,  
 the date of redemption, plus, if such redemption is  
 made prior to the maturity date for such Equipment  
 Notes (in the case of Equipment Notes held by Trusts  
 1994-A1 through 1994-A3 and Trust 1994-A5), or  
 (in the case of Equipment Notes held  
 by Trust 1994-A4) (each, a "Premium Termination  
 Date"), a Make-Whole Premium, if any. See  
 "Description of the Equipment Notes -- Redemption"  
 for a description of the manner of computing the  
 Make-Whole Premium.

(c) If under any Indenture (i) a Lease Event of  
 Default shall have occurred and be continuing for a  
 period of 180 days or more or (ii) the Equipment  
 Notes relating thereto shall have been accelerated,  
 the applicable Owner Trustee may elect to redeem or  
 purchase on a Special Distribution Date all of the  
 then outstanding Equipment Notes issued under such  
 Indenture at a price equal to the aggregate unpaid  
 principal amount thereof, together with accrued  
 interest thereon to, but not including, the date of  
 redemption or purchase, but without premium.

See "Description of the Equipment  
 Notes -- Redemption."

Equipment Notes:

Security..... The Equipment Notes issued with respect to each  
 Aircraft will be secured by a security interest in  
 such Aircraft and an assignment to the related Loan  
 Trustee of certain of the related Owner Trustee's  
 rights under the Lease with respect to such  
 Aircraft, including, with certain exceptions, the  
 right to receive rentals and other amounts payable  
 thereunder by American in respect of such Aircraft.

The Equipment Notes are not cross-collateralized, and  
 consequently the Equipment Notes issued in respect  
 of one Aircraft are not secured by any of the other  
 Aircraft or the Leases related thereto. There are no  
 cross-default provisions in the Indentures, and  
 consequently events resulting in any Indenture  
 Default under any particular Indenture may not  
 result in an

Indenture Default occurring under the other Indentures. If the Equipment Notes issued in respect of one or more Aircraft are in default, the Equipment Notes issued in respect of the remaining Aircraft may not be in default and, if not in default, no remedies will be exercisable under the Indentures with respect to such remaining Aircraft. See "Description of the Equipment Notes -- Indenture Defaults, Notice and Waiver" and "Description of the Equipment Notes -- Remedies" in this Prospectus Supplement and "Description of the Equipment Notes -- Indenture Defaults and Remedies" in the accompanying Prospectus.

Although the Equipment Notes are not obligations of, or guaranteed by, American, the amounts unconditionally payable by American for lease of the Aircraft will be sufficient to pay in full when due all payments required to be made on the Equipment Notes. See "Description of the Equipment Notes -- General" in this Prospectus Supplement and "Description of the Equipment Notes -- General" in the accompanying Prospectus.

#### Federal Income Tax

Consequences..... Each Trust should be classified as a grantor trust for federal income tax purposes, and each person acquiring an interest in a Certificate issued by such Trust should be treated as the owner of a pro rata undivided interest in each of the Equipment Notes and any other property held in such Trust and should report on its federal income tax return its pro rata share of income from such Equipment Notes and such other property in accordance with such Certificateholder's method of accounting. See "Federal Income Tax Consequences" in this Prospectus Supplement and "Federal Income Tax Consequences" in the accompanying Prospectus.

ERISA Considerations..... The Pass Through Certificates may not be purchased by any employee benefit plan subject to Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or individual retirement account or employee benefit plan subject to Section 4975 of the Internal Revenue Code of 1986, as amended (the "Code") (each, an "ERISA Plan") or by any entity whose assets constitute assets of an ERISA Plan. Certain governmental plans and non-electing church plans, however, are not subject to Title I of ERISA or Section 4975 of the Code and, therefore, may purchase the Pass Through Certificates. Each investor must determine whether it is permitted to purchase Pass Through Certificates. The purchase by any person of any Pass Through Certificate constitutes a representation by such person to American, the related Owner Participants, the Owner Trustees, the Loan Trustees and the Trustee that such person is not an ERISA Plan and that such person is not acquiring, and has not acquired, such Pass Through Certificate with assets of an ERISA Plan.

## THE COMPANY

American is the principal subsidiary of AMR. American's passenger division is one of the largest scheduled passenger airlines in the world. As of December 31, 1993, American provided scheduled jet service to 106 cities on the U.S. mainland and in Hawaii, 28 in Latin America, 14 in Europe and 24 other destinations worldwide, including service to six cities provided through cooperative agreements with other airlines. American's cargo division provides a full range of freight and mail services to shippers throughout the airline's system. In addition, through cooperative agreements with other carriers, it has the ability to transport shipments to virtually any country in the world. American's SABRE Travel Information Network ("STIN") division provides travel reservation services through its computer reservation system, SABRE, one of the largest privately owned, real-time computer systems in the world; the SABRE Computer Services ("SCS") division manages AMR's data processing centers, voice and data communications networks and local-area computer networks worldwide; and the SABRE Development Services ("SDS") division provides applications development, software solutions, consulting, and other technology services to other AMR units.

The postal address for American's principal executive offices is P.O. Box 619616, Dallas/Fort Worth Airport, Texas 75261-9616 (Telephone: 817-963-1234).

## RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth the ratio of earnings to fixed charges for American for the periods indicated. Earnings represent consolidated earnings (loss) before income taxes and the cumulative effect of accounting changes and fixed charges (excluding interest capitalized). Fixed charges consist of interest and the portion of rental expense deemed representative of the interest factor.

|            | YEAR ENDED DECEMBER 31, |      |      |      |      | THREE MONTHS ENDED MARCH 31, |      |
|------------|-------------------------|------|------|------|------|------------------------------|------|
|            | 1989                    | 1990 | 1991 | 1992 | 1993 | 1993                         | 1994 |
| Ratio..... | 2.22                    | (a)  | (a)  | (a)  | 1.03 | (a)                          | (a)  |

(a) Earnings were inadequate to cover fixed charges by \$211 million for the year ended December 31, 1990, by \$382 million for the year ended December 31, 1991 and by \$494 million for the year ended December 31, 1992. Earnings were inadequate to cover fixed charges by \$22 million for the three months ended March 31, 1993 and by \$1 million for the three months ended March 31, 1994.



## SELECTED CONSOLIDATED FINANCIAL DATA

The selected consolidated financial data in the table below for each of the five years in the period ended December 31, 1993 have been derived from audited consolidated financial statements of American previously filed with the Securities and Exchange Commission (the "Commission"). The selected consolidated financial data in the table below as of March 31, 1994 and for the three months ended March 31, 1993 and 1994 are unaudited but in the opinion of management include all adjustments, consisting of normal recurring accruals, necessary for a fair presentation. The following information should be read in conjunction with the consolidated financial statements and related notes of American included in its reports filed under the Securities Exchange Act of 1934, as amended (the "Exchange Act") that are incorporated by reference herein. See "Documents Incorporated by Reference" in the accompanying Prospectus.

|   | YEAR ENDED DECEMBER 31, |          |          |          |          | THREE MONTHS ENDED MARCH 31, |         |
|---|-------------------------|----------|----------|----------|----------|------------------------------|---------|
|   | 1989                    | 1990     | 1991     | 1992(1)  | 1993     | 1993                         | 1994    |
|   | (IN MILLIONS)           |          |          |          |          |                              |         |
| Selected Consolidated Operating Data:                               |                         |          |          |          |          |                              |         |
| Total operating revenues.....                                       | \$ 9,961                | \$11,009 | \$12,098 | \$13,581 | \$14,737 | \$3,563                      | \$3,508 |
| Total operating expenses.....                                       | 9,230                   | 10,941   | 12,080   | 13,658   | 14,173   | 3,478                        | 3,404   |
| Operating income (loss).....  | 731                     | 68       | 18       | (77)     | 564      | 85                           | 104     |
| Earnings (loss) before cumulative effect of accounting changes..... | 423                     | (77)     | (165)    | (274)    | 23       | (6)                          | (3)     |
| Net earnings (loss).....  | 423                     | (77)     | (165)    | (735)    | 23       | (6)                          | (3)     |

|   | DECEMBER 31,  |          |          |          |          | MARCH 31, |
|---|---------------|----------|----------|----------|----------|-----------|
|   | 1989          | 1990     | 1991     | 1992(1)  | 1993     | 1994      |
|   | (IN MILLIONS) |          |          |          |          |           |
| Selected Consolidated Balance Sheet Data:                       |               |          |          |          |          |           |
| Total assets.....   | \$10,230      | \$12,568 | \$15,180 | \$17,442 | \$17,749 | \$18,399  |
| Long-term debt, less current maturities.....                    | 472           | 478      | 627      | 1,282    | 1,453    | 1,514     |
| Long-term debt due to AMR.....                                  | 169           | 172      | 1,950    | 3,236    | 4,045    | 3,710     |
| Obligations under capital leases, less current obligations..... | 1,485         | 1,587    | 1,721    | 1,866    | 1,792    | 1,830     |
| Common stockholder's equity.....                                | 3,118         | 3,038    | 3,872    | 3,147    | 3,168    | 3,165     |

(1) The results for the year ended December 31, 1992 include a cumulative effect charge of \$593 million (net of tax benefit) relating to a change in accounting for postretirement medical and life insurance benefits and a cumulative effect benefit of \$132 million relating to a change in accounting for income taxes.

## RECENT OPERATING RESULTS AND DEVELOPMENTS

American's results for the first quarter of 1994 were adversely affected by continued fare discounting throughout the airline industry and by the impact of 1994's unusually severe winter. American's yield decreased 1.7 percent while cost per available seat mile for American's passenger division increased 3.1 percent. American's net loss for the first quarter of 1994 was \$3 million. This compares to a net loss of \$6 million in the first quarter of 1993. American's operating income was \$104 million in the 1994 first quarter compared to \$85 million in the 1993 first quarter. American's operating revenues decreased 1.5 percent to \$3.51 billion in the 1994 first quarter compared to \$3.56 billion in the 1993 quarter. Passenger revenues decreased by 3.2 percent to \$3.03 billion from \$3.13 billion in 1993. Yield (the average amount one passenger pays to fly one mile) of 13.53 cents decreased by 1.7 percent compared to the same period of 1993. Traffic or revenue passenger miles decreased 1.5 percent to 22.4 billion miles for the quarter ended March 31, 1994. The decrease is primarily due to reductions in capacity. Other revenues increased 14.0 percent to \$326 million primarily driven by increased booking fee revenues of American's STIN division resulting from a plethora of fare initiatives by various carriers.

Capacity or available passenger seat miles ("ASMs") decreased 6.3 percent to 36.7 billion miles in the first quarter of 1994 primarily as a result of the retirement of certain McDonnell Douglas DC-10 and Boeing 727 aircraft. Operating expenses decreased \$74 million, or 2.1 percent, from first quarter 1993 to first quarter 1994. Passenger division cost per ASM increased by 3.1 percent to 8.66 cents.

For further information, see American's Annual Report on Form 10-K for the year ended December 31, 1993 and its Quarterly Report on Form 10-Q for the quarter ended March 31, 1994.

During 1993, AMR completed a comprehensive review of the competitive realities of its businesses and determined that it must change significantly to generate sufficient earnings. The fundamental problems of the airline -- increasing competition from low-cost, low-fare carriers, its inability to reduce labor costs to competitive levels, and the changing values of its customers -- demand new solutions. As an initial response to that need, AMR created and began implementing a new strategic framework known as the Transition Plan. The plan has three parts, each intended to improve AMR's results. First, make the core airline business bigger and stronger where economically justified. Second, and conversely, shrink the airline where it cannot compete profitably. Third, reallocate resources and effort to the growing information and management services businesses, which are more profitable than the airline.

An integral part of the Transition Plan is the expansion of the business activities of The SABRE Group. The SABRE Group was formed as a business unit during 1993, integrating reporting relationships among American's STIN, SCS and SDS divisions and AMR's other information technology businesses. AMR plans to more fully develop and market its distinct information technology expertise through The SABRE Group and continues to investigate opportunities for further expanding its information technology businesses. These opportunities may include the combination of marketing and/or developmental functions of The SABRE Group businesses and/or a formal reorganization of The SABRE Group into one or more subsidiaries of AMR. This formal reorganization, if concluded, would likely involve the transfer to AMR, by means of a dividend, of American's STIN, SCS and SDS divisions. In addition, a formal reorganization would also result in the Company's compliance with a recent directive from the European Community Council of Ministers that, in effect, requires that a computer reservation system operating in the European Community have a legal status that is separate and apart from its affiliated airline.

Further, the Transition Plan recognizes the unfavorable and uncertain economics which have characterized the core airline business in recent years, acknowledges the airline cost problem and seeks to maximize the contribution of the Company's more profitable businesses. In 1994, AMR is continuing the course of change initiated in 1993 under the Transition Plan. Over the long term, AMR will continue its best efforts to reduce airline costs and to restore the airline operations to profitability. Based on the success or failure of those efforts, AMR will make ongoing determinations as to the appropriate degree of reallocation of resources from the airline operations to its other businesses, which may include, if the airline cannot be run profitably, the disposition or termination, over the long term, of a substantial part or all of the airline operations.

During 1993, American closed its hub and dramatically reduced operations at San Jose, California, and expanded its Dallas/Fort Worth and Miami hubs. The airline will continue to reduce or eliminate service where it cannot operate profitably. American's regional airline affiliates, subsidiaries of AMR Eagle, have added turboprop service on some routes where jet service has been cancelled, and they will continue to pursue these opportunities in 1994.

In 1993, American removed 21 McDonnell Douglas DC-10 and 28 Boeing 727 aircraft from service. In 1994, an additional 14 DC-10s and 31 727s will be retired. As a result, in 1994 American's ASMs are expected to decrease by almost five percent. Domestic capacity will drop by almost seven percent, while international capacity will increase slightly. The capacity reduction will be the first at American since 1981.

Aircraft retirements have necessitated the furlough of about 3,700 American employees since late 1992. The Company anticipates further workforce reductions in 1994 and, accordingly, made a provision for the cost of these reductions in 1993. Fewer aircraft deliveries will also translate into lower capital spending.

American's revenue plan for 1994 reflects continued emphasis on producing premium yields by attracting more full fare passengers than its competitors. As part of this plan, American will expand its successful three-class domestic transcontinental service, add more first class seats on some narrowbody aircraft and increase frequencies in business-oriented markets. In addition, American will seek to grow its cargo revenues again in 1994.

In 1993, American's passenger division cost per ASM declined by 2.0 percent, largely due to a 4.9 percent drop in the cost of jet fuel. In 1994, though American will continue its rigorous program of cost control, it expects unit costs, excluding fuel, to rise modestly. This increase will be driven by higher unit labor costs due to pay scale and average seniority escalations.

On August 10, 1993, the Omnibus Budget Reconciliation Act was signed into law, imposing a new 4.3 cents per gallon tax on commercial aviation jet fuel for use in domestic operations. The new tax will become effective October 1, 1995, and is scheduled to continue until October 1, 1998. American estimates the resulting annual increase in fuel taxes will be approximately \$90 million.

AMR instituted a program in the latter half of 1993 to reduce interest costs. At year-end interest rates, American anticipates that this program, which involves such things as interest rate swaps, will produce significant interest cost savings. This savings is expected to largely offset the additional interest cost of new financings in 1994.

In November 1993, American endured a five-day strike by its flight attendants' union; the strike ended when both sides agreed to binding arbitration. The arbitration process is expected to be complex and will likely not be decided for several months. While the ultimate outcome is uncertain, the new contract will likely result in higher unit labor costs in 1994.

American's labor contract with its pilots' union becomes amendable in August 1994. The Company and the union leadership are pursuing opportunities to streamline the negotiation and settlement process. The ultimate outcome of these negotiations cannot be estimated at this time.

The integration of AMR's information services businesses will continue in 1994 with the integration of American Airlines Decision Technologies, which is a subsidiary of AMR, SDS and other units in The SABRE Group into SABRE Decision Technologies ("SDT"). SDT will develop and market The SABRE Group's expanding array of information systems products and services to a growing list of airline and other customers throughout the world.

STIN will seek to sustain its revenue growth through continued geographical expansion of the SABRE computerized reservation system and the sale of its leading-edge automated reservations products such as SABRExpress, SABRExpress Ticketing and SABRE TravelBase, a new travel agency accounting system.

## USE OF PROCEEDS

The Pass Through Certificates offered hereby are being issued in connection with the refinancing of three separate leveraged lease transactions entered into by American, as lessee, with respect to one Boeing 767-323ER aircraft and two Boeing 757-223 aircraft. The Boeing 767-323ER aircraft was delivered new from its manufacturer to American in May 1992, and the two Boeing 757-223 aircraft were delivered new from their manufacturer to American in July 1991. Each Aircraft was sold by American to the related Owner Trustee and leased back to American. The debt currently outstanding under the leveraged lease transactions with respect to the Aircraft consists of \$125,206,389 in aggregate principal amount of variable interest rate amortizing loan certificates having a stated maturity during the year 2012. The proceeds from the sale of the Pass Through Certificates offered hereby will be used by the Trustee on behalf of each Trust to purchase, pursuant to the Refunding Agreements, all of the Equipment Notes issued by the related Owner Trustee at par, to refinance not more than 80% of the equipment cost to such Owner Trustees of each Aircraft.

The Equipment Notes with respect to each Aircraft will be issued under separate Amended and Restated Trust Indenture and Security Agreements (each, an "Indenture"), each such Indenture being between State Street Bank and Trust Company of Connecticut, National Association, as trustee thereunder (in such capacity, the "Loan Trustee"), and, in the case of the Boeing 767-323ER aircraft, Meridian Trust Company and, in the case of the two Boeing 757-223 aircraft, Wilmington Trust Company, in each case not in such company's individual capacity, but solely as Owner Trustee of a trust established by a Trust Agreement pursuant to which such Owner Trustee acts as trustee for the benefit of an Owner Participant (each, a "Trust Agreement"). Each Owner Participant provided from its own funds at least 20% of the equipment cost to the related Owner Trustee of the related Aircraft and beneficially owns the related Aircraft. No Owner Participant, however, will be personally liable for any amount payable under the related Indenture or the Equipment Notes issued thereunder.

## DESCRIPTION OF THE PASS THROUGH CERTIFICATES

The Pass Through Certificates offered hereby will be issued pursuant to five separate Trust Supplements to be entered into between American and the Trustee pursuant to the terms of the Basic Agreement. Each Trust Supplement will contain substantially the same terms and conditions, except that the interest rate and maturity date applicable to the Equipment Notes held in each Trust, the aggregate principal amount of Equipment Notes held in each Trust, and the final distribution date applicable to each Trust will differ. The following summary of the particular terms of the Pass Through Certificates offered hereby supplements, and to the extent inconsistent therewith replaces, the description of the general terms and provisions of the Pass Through Certificates set forth in the accompanying Prospectus under the caption "Description of the Pass Through Certificates." The statements under this caption are a summary and do not purport to be complete. The summary makes use of terms defined in and is qualified in its entirety by reference to all of the provisions of the Basic Agreement, a form of which has been filed as an exhibit to the Registration Statement of which the accompanying Prospectus is a part, and to all of the provisions of the Trust Supplements which, together with the forms of the related Note Purchase Agreements (which are described herein as the Participation Agreements and the Refunding Agreements), Indentures, Leases and Trust Agreements, will be filed by American with the Commission as exhibits to a Current Report on Form 8-K. Except as otherwise indicated, the following summaries relate to the Basic Agreement, the five Trust Supplements and the Trusts formed thereby and the Pass Through Certificates issued by each such Trust.

## PAYMENTS AND DISTRIBUTIONS

The Pass Through Certificates will be issued in fully registered form and will be registered in the name of Cede & Co., as the nominee of The Depository Trust Company. No person acquiring an interest in the Pass Through Certificates will be entitled to receive a definitive certificate representing such person's interest in the related Trust unless definitive certificates are issued under the limited circumstances described in the accompanying Prospectus under the caption "Description of the Pass Through Certificates -- Book-Entry Registration."

Payments of principal, premium, if any, and interest with respect to the Equipment Notes held in each Trust will be distributed by the Trustee to Certificateholders of such Trust on the date receipt of such payment is confirmed by the Trustee, except in certain cases when some or all of such Equipment Notes are in default. See "Description of the Pass Through Certificates -- Events of Default and Certain Rights Upon an Event of Default" in the accompanying Prospectus. Interest paid on the Equipment Notes held in each Trust will be passed through to the Certificateholders of such Trust on May 26 and November 26 of each year commencing on November 26, 1994 at the applicable rate per annum for such Trust until the final distribution date for such Trust. The Equipment Notes purchased by Trusts 1994-A1, 1994-A2 and 1994-A3 will pay interest only until they mature on \_\_\_\_\_, 199\_\_\_\_, \_\_\_\_\_, 199\_\_\_\_ and \_\_\_\_\_, 199\_\_\_\_, respectively. Payments of principal on the Equipment Notes held in Trusts 1994-A4 and 1994-A5 are scheduled to be received by the Trustee on May 26 or November 26, or both, in certain years depending upon the terms of the Equipment Notes held in such Trust commencing \_\_\_\_\_, in the case of Trust 1994-A4 and \_\_\_\_\_, in the case of Trust 1994-A5 (such scheduled payments of principal and interest on the Equipment Notes are herein referred to as "Scheduled Payments," and May 26 or November 26 of each year are herein referred to as "Regular Distribution Dates"). Scheduled Payments of principal on the Equipment Notes held in each Trust are set forth below under "Description of the Equipment Notes -- Principal Payments."

The Trustee of each Trust will distribute on each Regular Distribution Date to the Certificateholders of such Trust all Scheduled Payments the receipt of which is confirmed by the Trustee on such Regular Distribution Date. Each Certificateholder of each Trust will be entitled to receive a pro rata share of any distribution in respect of Scheduled Payments of principal and interest made on the Equipment Notes held in such Trust. Each such distribution in respect of Scheduled Payments will be made by the Trustee to the holders of record of the Certificates of the applicable Trust on the fifteenth day preceding such Regular Distribution Date, subject to certain exceptions. If a Scheduled Payment is not received by the Trustee on a Regular Distribution Date but is received within five days thereafter, it will be distributed on the date received to such holders of record. If it is received after such five day period, it will be treated as a Special Payment (as defined below) and distributed as described below.

Payments of principal, premium, if any, and interest received by the Trustee on account of the early redemption, if any, of the Equipment Notes relating to one or more Aircraft held in a Trust, and payments received by the Trustee following a default in respect of the Equipment Notes relating to one or more Aircraft held in a Trust (including payments received by the Trustee on account of the purchase by the related Owner Trustee of such Equipment Notes, the sale by the Trustee of such Equipment Notes, or the exercise of remedies under the related Indenture by the Trustee) ("Special Payments") will be distributed on, in the case of an early redemption or a purchase, the date of such early redemption or purchase, which shall be a Business Day, and otherwise, except as described in the next paragraph, 25 days after the Trustee has confirmed receipt of the funds for such Special Payment (or the next Business Day after such 25th day if such date is not a Business Day) (each, a "Special Distribution Date"). The Trustee will mail notice to the Certificateholders of the applicable Trust not less than 20 days prior to the Special Distribution Date on which any Special Payment is scheduled to be distributed by the Trustee stating such anticipated Special Distribution Date. Each distribution of a Special Payment, other than a final distribution, on a Special Distribution Date for any Trust will be made by the Trustee to the Certificateholders of record of such Trust on the fifteenth day next preceding such Special Distribution Date. See "Description of the Equipment Notes -- Redemption" in this Prospectus Supplement and "Description of the Pass Through Certificates -- Events of Default and Certain Rights Upon an Event of Default" in the accompanying Prospectus.

In the event that, on the delivery date with respect to any Pass Through Certificates, all of the proceeds from the sale of such Pass Through Certificates are not used to purchase the Equipment Notes contemplated to be held in the related Trust, such Equipment Notes may be purchased by the Trustee at any time on or prior to July \_\_\_\_\_, 1994. In such event, the Trustee will hold the proceeds from the sale of such Pass Through Certificates not used to purchase Equipment Notes in an escrow account pending the purchase of the Equipment Notes not so purchased. Such proceeds will be invested in Specified Investments having maturity dates in no event later than August \_\_\_\_\_, 1994 at the direction and risk of, and for the account of, American. American will be responsible for any losses. To the extent that any amount of the proceeds from the sale of



DESCRIPTION OF THE EQUIPMENT NOTES

The following summary of the particular terms and provisions of the Equipment Notes supplements, and to the extent inconsistent therewith replaces, the description of the general terms and provisions of the Equipment Notes set forth in the accompanying Prospectus under the heading "Description of the Equipment Notes." The statements under this caption are summaries and do not purport to be complete. The summaries make use of terms defined in and are qualified in their entirety by reference to all of the provisions of the Equipment Notes, the Indentures, the Leases, the Participation Agreements, the Trust Agreements and the Refunding Agreements, the forms of which will be filed by American with the Commission as exhibits to a Current Report on Form 8-K. The summaries should be read in conjunction with the statements under the heading "Description of the Equipment Notes" in the accompanying Prospectus. Except as otherwise indicated, the following summaries relate to the Equipment Notes, the Indenture, the Lease, the Participation Agreement, the Trust Agreement and the Refunding Agreement relating to each Aircraft.

GENERAL

The Equipment Notes will be issued in five series with respect to each Aircraft. The Equipment Notes with respect to each Aircraft will be issued under a separate Indenture between either Meridian Trust Company or Wilmington Trust Company, as Owner Trustee of a trust for the benefit of the Owner Participant who is the beneficial owner of such Aircraft, and State Street Bank and Trust Company of Connecticut, National Association, as Loan Trustee.

The related Owner Trustee leases each Aircraft to American pursuant to a separate Lease between such Owner Trustee and American with respect to such Aircraft. American is obligated to make or cause to be made rental and other payments to the related Loan Trustee on behalf of the related Owner Trustee in amounts that will be at least sufficient to pay in full when due all payments required to be made on the Equipment Notes issued with respect to such Aircraft. The Equipment Notes are not, however, direct obligations of, or guaranteed by, American. American's rental obligations under each Lease are general obligations of American.

PRINCIPAL PAYMENTS

The aggregate principal amounts of the Equipment Notes issued with respect to each Aircraft, as such Equipment Notes will be held in each of the Trusts, are as follows:

| AIRCRAFT NO. * | TRUST 1994-A1<br>%<br>EQUIPMENT NOTES | TRUST 1994-A2<br>%<br>EQUIPMENT NOTES | TRUST 1994-A3<br>%<br>EQUIPMENT NOTES | TRUST 1994-A4<br>%<br>EQUIPMENT NOTES | TRUST 1994-A5<br>%<br>EQUIPMENT NOTES | TOTAL |
|----------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|-------|
| 1.....         | \$                                    | \$                                    | \$                                    | \$                                    | \$                                    | \$    |
| 2.....         |                                       |                                       |                                       |                                       |                                       |       |
| 3.....         |                                       |                                       |                                       |                                       |                                       |       |
| Total.....     | \$                                    | \$                                    | \$                                    | \$                                    | \$                                    | \$    |

\* Aircraft 1 and 2 are Boeing 757-223 aircraft. Aircraft 3 is a Boeing 767-323ER aircraft.

Interest will be payable on each Equipment Note at the rate applicable to such Equipment Note on the unpaid principal amount thereof on May 26 and November 26 in each year, commencing November 26, 1994. Such interest will be computed on the basis of a 360-day year of twelve 30-day months.





and Trust 1994-A5), or \_\_\_\_\_, (in the case of Notes held by Trust 1994-A4) (such maturity date or \_\_\_\_\_, \_\_\_\_\_, as the case may be, for each Trust being the "Premium Termination Date" for such Trust), a Make-Whole Premium (as defined below), if any, and if such redemption is made on or after the related Premium Termination Date, without premium. (Indentures, Section 6.01(b)(1)) If the proposed sale of an Aircraft (as described in "Description of the Equipment Notes -- The Leases -- Termination") on a lease termination date is not completed, the corresponding redemption will not take place and any notice of redemption will be deemed revoked. (Indentures, Section 6.03)

The Equipment Notes with respect to any Aircraft may be redeemed or purchased, in whole, on any Special Distribution Date by the related Owner Trustee, with the consent of American (except that such consent shall be unnecessary if a Lease Event of Default shall have occurred and be continuing). The redemption price will be equal to the aggregate unpaid principal amount thereof, together with accrued interest thereon to, but not including, the date of redemption, plus, if such redemption is made prior to the related Premium Termination Date, a Make-Whole Premium, if any, and if such redemption is made on or after the related Premium Termination Date, without premium. (Indentures, Section 6.01(b)(2)) If notice of such a redemption shall have been given in connection with a refinancing of such Equipment Notes, such notice may be revoked not later than three days prior to the proposed redemption date. (Indentures, Section 6.03)

The Owner Trustees with the consent of American may also redeem all, but not less than all, the Equipment Notes held in any Trust at a price equal to the aggregate unpaid principal amount thereof, together with accrued interest thereon to, but not including, the date of redemption, plus, if such redemption is made prior to the related Premium Termination Date, a Make-Whole Premium, if any, and if such redemption is made on or after the related Premium Termination Date, without premium. (Indentures, Section 6.01(b)(3)) If notice of such a redemption shall have been given in connection with a refinancing of such Equipment Notes, such notice may be revoked not later than three days prior to the proposed redemption date. (Indentures, Section 6.03)

If under any Indenture (i) a Lease Event of Default shall have occurred and be continuing for a period of 180 days or more or (ii) the Equipment Notes relating thereto shall have been accelerated, the related Owner Trustee may elect to redeem or purchase all of the then outstanding Equipment Notes issued under such Indenture at a price equal to the aggregate unpaid principal amount thereof, together with accrued interest thereon to, but not including, the date of redemption or purchase, but without premium. (Indentures, Section 6.02)

The "Make-Whole Premium," if any, on the Equipment Notes issued under a particular Indenture will be determined by an independent investment banking institution of national standing selected by American. The Make-Whole Premium shall be determined as of the fourth Business Day prior to the redemption date and shall equal the excess, if any, of (i) the sum of the present values of all of the remaining scheduled payments of principal and interest from the redemption date to maturity of such Equipment Note, discounted semi-annually on each interest payment date at a rate equal to the Treasury Rate, based on a 360-day year of twelve 30-day months, over (ii) the aggregate unpaid principal amount of such Equipment Note plus accrued but unpaid interest on such Equipment Note (but not any accrued interest in default).

The "Treasury Rate" means, with respect to each Equipment Note to be redeemed or purchased, a per annum rate (expressed as a semiannual equivalent and as a decimal and, in the case of United States Treasury bills, converted to a bond equivalent yield), determined to be the per annum rate equal to the semiannual yield to maturity of United States Treasury securities maturing on the Average Life Date (as defined below) of such Equipment Note, as determined by interpolation between the most recent weekly average yields to maturity for two series of United States Treasury securities, (A) one maturing as close as possible to, but earlier than, the Average Life Date of such Equipment Note and (B) the other maturing as close as possible to, but later than, the Average Life Date of such Equipment Note, in each case as published in the most recent H.15(519) (or, if a weekly average yield to maturity of United States Treasury securities maturing on the Average Life Date of such Equipment Note is reported in the most recent H.15(519), as published in H.15(519)). "H.15(519)" means "Statistical Release H.15(519), Selected Interest Rates," or any successor

publication, published by the Board of Governors of the Federal Reserve System. The most recent H.15(519) means the latest H.15(519) which is published prior to the close of business on the fourth Business Day preceding the redemption date.

The "Average Life Date" for each Equipment Note to be redeemed shall be the date which follows the redemption date by a period equal to the Remaining Weighted Average Life at the redemption date of such Equipment Note. The "Remaining Weighted Average Life" of such Equipment Note, at the redemption date of such Equipment Note, shall be the number of days equal to the quotient obtained by dividing (a) the sum of the products obtained by multiplying (i) the amount of each then remaining installment of principal, including the payment due on the maturity date of such Equipment Note, by (ii) the number of days from and including the redemption date to but excluding the scheduled payment date of such principal installment; by (b) the then unpaid principal amount of such Equipment Note.

In the event of the redemption of all of the Equipment Notes held in any one Trust, one or more new series of Equipment Notes may be issued under the related Indentures; provided that if, after such redemption any Equipment Notes remain outstanding under any such Indenture, the new series of Equipment Notes to be issued under such Indenture: (i) shall be denominated and payable in United States dollars and shall not be in a principal amount greater than the Equipment Notes redeemed; (ii) shall not rank senior in any respect to the Equipment Notes that remain outstanding under such Indenture; and (iii) shall not mature after or have a weighted average life longer than the Equipment Notes redeemed if any of the Equipment Notes that remain outstanding under such Indenture have a maturity date after or concurrent with the maturity date of the Equipment Notes redeemed; and, provided further, that prior to the authentication of such new series of Equipment Notes the Loan Trustee shall have received (a) written evidence from Standard & Poor's Corporation and Moody's Investors Service, Inc. to the effect that issuance of such new series would not by itself result in the downgrading of the credit rating assigned to the Pass Through Certificates then outstanding and (b) an opinion of counsel for American reasonably satisfactory to the related Loan Trustee to the effect that the protection afforded by Section 1110 of the Bankruptcy Code to the existing holders of Equipment Notes under such Indenture would not be adversely affected by the issuance of such new series of Equipment Notes to the extent such holders were then entitled to the benefits afforded by such Section 1110. For a description of Section 1110 of the Bankruptcy Code, see "Description of the Equipment Notes -- Remedies." (Indentures, Section 14.01)

#### SECURITY

The Equipment Notes issued with respect to each Aircraft are secured by (i) an assignment by the related Owner Trustee to the related Loan Trustee of such Owner Trustee's rights, except for certain limited rights, under the Lease with respect to the related Aircraft, including the right to receive payments of rent thereunder, (ii) a mortgage by such Owner Trustee to such Loan Trustee of such Aircraft, subject to the rights of American under such Lease, and (iii) an assignment by such Owner Trustee to such Loan Trustee of certain of the rights assigned to such Owner Trustee by American under the purchase agreement between American and the related manufacturer of the Aircraft. (Indentures, Granting Clause) The Equipment Notes are not cross-collateralized, and, consequently, the Equipment Notes issued in respect of any one Aircraft are not secured by any of the other Aircraft or replacement aircraft (as described in "Description of the Equipment Notes -- The Leases -- Events of Loss") or the Lease related thereto. See "Description of the Equipment Notes -- Security" in the accompanying Prospectus.

#### INDENTURE DEFAULTS, NOTICE AND WAIVER

Indenture Defaults under each Indenture include: (a) failure to pay any interest or principal or premium, if any, when due, continued for more than fifteen days, (b) the occurrence of any Lease Event of Default under the related Lease (other than the failure to make certain indemnity payments and other payments to the related Owner Trustee or Owner Participant), (c) failure by the related Owner Trustee or Owner Participant to perform or observe any covenant, condition or agreement to be performed or observed by it under such Indenture or certain related documents, continued after notice and specified cure periods, if any, (d) any representation or warranty made by the related Owner Trustee or Owner Participant in the Indenture, the

Participation Agreement or certain related documents furnished to the Loan Trustee pursuant thereto being false or incorrect when made and continuing to be materially adverse to the holders of the Equipment Notes and remaining unremedied after notice and specified cure periods, (e) the occurrence of certain events of bankruptcy, reorganization or insolvency of the related Owner Trustee or Owner Participant, (f) the failure by the related Owner Participant or Owner Trustee to discharge certain liens, continued after notice and specified cure periods, (g) the related Owner Participant's transfer or purported transfer of its interest in, among other things, the related Aircraft or certain related documents, without a good faith attempt to comply with relevant provisions of the Participation Agreement, (h) as to two Aircraft, any time when the Aircraft is registered under the laws of a country other than the United States of America, as a result of the gross negligence or willful misconduct of the related Owner Trustee or Owner Participant, the lien of the Indenture ceases to be a valid and perfected lien, and (i) at any time any Owner Participant Guarantor ceases to be a valid and enforceable obligation of the Owner Participant Guarantor. (Indentures, Section 8.01) There are no cross-default provisions in the Indentures and, consequently, events resulting in an Indenture Default under any particular Indenture may not result in an Indenture Default occurring under any other Indenture.

In the event American fails to make any semiannual basic rental payment after the same shall become due under any Lease, within a specified period after such failure the applicable Owner Participant or the applicable Owner Trustee may furnish to the Loan Trustee under the Indenture relating to such Lease the amount of such rental payment, together with any interest thereon on account of the delayed payment thereof, in which event the Loan Trustee and the holders of outstanding Equipment Notes issued under such Indenture may not exercise any remedies otherwise available under such Indenture or such Lease as the result of such failure to make such rental payment, unless American has failed to make a rental payment when due on the three or more immediately preceding semiannual basic rental payment dates or on any six or more previous semiannual basic rental payment dates. The applicable Owner Participant or the Owner Trustee also, subject to certain restrictions, may cure any other default by American in the performance of its obligations under any Lease which can be cured with the payment of money. (Indentures, Section 8.03(e)(i))

The holders of a majority in principal amount of the outstanding Equipment Notes issued with respect to any Aircraft, by notice to the Loan Trustee, may on behalf of all of the holders waive any existing event of default or default and its consequences under the Indenture with respect to such Aircraft, except a default in the payment of the principal of or interest on any such Equipment Notes or a default in respect of any covenant or provision of such Indenture that cannot be modified or amended without the consent of each holder of Equipment Notes affected thereby. (Indentures, Section 8.05)

American is required to furnish annually to the Trustee a statement as to the fulfillment of its covenants under the Basic Agreement, the Trust Supplements and the Leases, and to each Loan Trustee as to the fulfillment of its covenants under the Leases, during the preceding year.

#### REMEDIES

If an Indenture Default occurs and is continuing under an Indenture, the related Loan Trustee or the holders of at least 25% in aggregate principal amount of the Equipment Notes outstanding under such Indenture may declare the principal of all such Equipment Notes issued thereunder immediately due and payable, together with all accrued but unpaid interest thereon. The holders of a majority in principal amount of Equipment Notes outstanding under such Indenture may rescind any such declaration at any time prior to the sale of the related Aircraft pursuant to the exercise of remedies under the Indenture after such an Indenture Default if (i) there has been paid to or deposited with the related Loan Trustee an amount sufficient to pay all principal, interest, and premium, if any, on any such Equipment Notes, to the extent such amounts have become due otherwise than by such declaration of acceleration, (ii) the rescission would not conflict with any judgment or decree, and (iii) all other Indenture Defaults and potential Indenture Defaults under such Indenture have been cured or waived. (Indentures, Section 8.02)

Each Indenture provides that if an Indenture Default under such Indenture has occurred and is continuing, the related Loan Trustee may exercise certain rights or remedies available to it under such Indenture or under applicable law, including (if the corresponding Lease has been declared in default) one or

more of the remedies under such Indenture or such Lease with respect to the Aircraft subject to such Lease. The related Loan Trustee's right to exercise remedies under such Indenture is subject with certain exceptions to its having proceeded to exercise one or more of the remedies under the Lease with respect to such Aircraft. See "Description of the Equipment Notes -- The Leases -- Lease Events of Default." Such remedies may be exercised by the related Loan Trustee to the exclusion of the related Owner Trustee and, subject to the terms of such Lease, American. Any Aircraft sold in the exercise of such remedies will be free and clear of any rights of those parties, including the rights of American under the Lease with respect to such Aircraft; provided that no exercise of any remedies by the related Loan Trustee may affect the rights of American under any Lease unless a Lease Event of Default has occurred and is continuing. (Indentures, Section 8.03; Leases, Section 15)

If the Equipment Notes issued in respect of one or more Aircraft are in default, the Equipment Notes issued in respect of the remaining Aircraft may not be in default, and, if not, no remedies will be exercisable under the Indenture with respect to such remaining Aircraft.

Section 1110 of the Federal Bankruptcy Code (the "Bankruptcy Code") provides that the right of lessors, conditional vendors and holders of purchase money equipment security interests with respect to aircraft used by air carriers operating under certificates issued under Section 401 or 418 of the Aviation Act to take possession of such aircraft in compliance with the provisions of a lease, conditional sale contract or purchase money equipment security agreement, as the case may be, is not affected by (a) the automatic stay provision of the Bankruptcy Code, which provision enjoins repossessions by creditors for the duration of the reorganization period, (b) the provision of the Bankruptcy Code allowing the trustee in reorganization to use property of the debtor during the reorganization period and (c) any power of the bankruptcy court to enjoin a repossession. Section 1110 provides, however, that the right of a lessor, conditional vendor or holder of a purchase money equipment security interest to take possession of an aircraft in the event of an event of default may not be exercised for 60 days following the date of commencement of the reorganization proceedings (unless specifically permitted by the bankruptcy court) and may not be exercised at all if, within such 60-day period, the debtor in possession or trustee in reorganization agrees to perform the debtor's obligations that become due on or after such date and cures all existing defaults (other than defaults resulting solely from the financial condition, bankruptcy, insolvency or reorganization of the debtor).

American has been advised by its counsel, Debevoise & Plimpton, that, assuming that each Lease is regarded, for purposes of Section 1110 of the Bankruptcy Code, as a "true" lease (as opposed to a lease that is in effect a security interest), with respect to each Lease, the related Owner Trustee, as Lessor under such Lease, and the related Loan Trustee, as assignee of such Owner Trustee's rights under such Lease pursuant to the Indenture corresponding to such Lease, would be entitled to the benefits of Section 1110 of the Bankruptcy Code with respect to the Aircraft initially delivered under such Lease and subjected to the related Indenture. Since no reliable standard for the analysis of a "true" lease has evolved from the many conflicting judicial decisions on the question, Debevoise & Plimpton is not opining on whether the Leases constitute "true" leases under Section 1110. If American were the subject of a proceeding for reorganization under Chapter 11 of the Bankruptcy Code and such Lease were determined not to constitute a "true" lease for purposes of the Bankruptcy Code, the benefits of Section 1110 may not be available with respect to such Aircraft. If the special benefits of Section 1110 were not available to the related Owner Trustee and the related Loan Trustee as to any Lease in a Chapter 11 proceeding involving American, the Certificateholders as beneficiaries of the Trusts holding the Equipment Notes relating to such Lease would continue to have the benefit of such Loan Trustee's perfected security interest in the Aircraft under the related Indenture and the rights available to such Loan Trustee as a secured creditor under the Bankruptcy Code.

The opinion of Debevoise & Plimpton will not address the possible replacement of an Aircraft after an Event of Loss in the future, the consummation of which is conditioned upon the contemporaneous delivery of an opinion of counsel to the effect that the related Loan Trustee's entitlement to Section 1110 benefits should not be diminished as a result of such replacement. See "Description of the Equipment Notes -- the Leases -- Events of Loss."

The holders of a majority in aggregate unpaid principal amount of the Equipment Notes outstanding under any Indenture may direct the time, method and place of conducting any proceeding for any remedy available to the related Loan Trustee or exercising any trust or power conferred on such Loan Trustee by such Indenture, but in such event such Loan Trustee may refuse to follow any direction that (a) conflicts with law, the related Lease or such Indenture, (b) is unduly prejudicial to the rights of the affected holders, or (c) would subject the Loan Trustee to personal liability. (Indentures, Sections 8.06)

The right of any holder of Equipment Notes to institute action for any remedy under the Indenture pursuant to which such Equipment Notes are issued (except the right to enforce payment of the principal, interest and premium, if any, with respect to its Equipment Notes when due) is subject to certain conditions precedent, including a written request to the related Loan Trustee by the holders of not less than 25% in aggregate principal amount of such Equipment Notes outstanding to take action, an offer to such Loan Trustee of satisfactory indemnification against liabilities incurred by it in so doing and the Loan Trustee failing to comply with the request within 60 days after receipt of such request and the offer of indemnification. (Indentures, Section 8.07)

If an Indenture Default under any Indenture occurs and is continuing, any sums held or received by the related Loan Trustee may be applied to reimburse such Loan Trustee for any tax, expense or other loss incurred by it and to pay any other amounts due to such Loan Trustee prior to any payments to holders of the Equipment Notes issued under such Indenture. (Indentures, Sections 3.05 and 9.05)

In the event of bankruptcy, insolvency, receivership or like proceedings involving an Owner Participant, it is possible that, notwithstanding that the applicable Aircraft is owned by the related Owner Trustee in trust, such Aircraft and the related Lease and Equipment Notes might become part of such proceeding. In such event, payments under such Lease or on such Equipment Notes might be interrupted and the ability of the related Loan Trustee to exercise its remedies under the related Indenture might be restricted, although such Loan Trustee would retain its status as a secured creditor in respect of the related Lease and the related Aircraft.

#### MODIFICATION OF INDENTURES AND LEASES

Without the consent of holders of a majority in principal amount of the Equipment Notes outstanding under any Indenture, the provisions of such Indenture and the Lease, the Participation Agreement and the Trust Agreement corresponding thereto may not be amended or modified, except to the extent indicated below.

Certain provisions of any Indenture, and of the Lease (so long as no Indenture Default has occurred and is continuing), the Participation Agreement, and the Trust Agreement related thereto, may be amended or modified by the parties thereto without the consent of any holders of the Equipment Notes outstanding under such Indenture. In the case of each Lease, such provisions include, among others, provisions relating to (i) rental payments and other payments, except that no such amendment or modification may reduce the amount of such rental payments or other payments below that necessary in order for the related Owner Trustee to pay the principal and interest on the Equipment Notes issued under the related Indenture, (ii) the return to the related Owner Trustee of the related Aircraft at the end of the term of such Lease and (iii) the renewal of such Lease and the option of American at the end of the term of such Lease to purchase the related Aircraft. (Indentures, Sections 11.01 and 11.06)

Without the consent of the holder of each Equipment Note outstanding under any Indenture affected thereby, no amendment or modification of such Indenture may (a) reduce the principal amount of, or premium, if any, or interest payable on, any Equipment Notes issued under such Indenture or change the date on which any principal or premium, if any, or interest is due and payable, (b) create any security interest with respect to the property subject to the lien of such Indenture ranking prior to or on a parity with the security interest created by such Indenture, except as provided in such Indenture, or deprive any holder of an Equipment Note issued under such Indenture of the lien of such Indenture upon the property subject thereto, (c) reduce the percentage in principal amount of outstanding Equipment Notes issued under such Indenture necessary to modify or amend any provision of such Indenture or to waive compliance therewith or (d) modify

any of the provisions relating to the rights of holders in respect of defaults or events of default in the payment of principal and interest, or certain other specified provisions. (Indentures, Section 11.02)

#### DEFEASANCE OF THE INDENTURES AND THE EQUIPMENT NOTES IN CERTAIN CIRCUMSTANCES

Each Indenture provides that such Indenture and the obligations of the related Owner Trustee and Loan Trustee thereunder shall be deemed to have been discharged in full (except for certain obligations, including the obligation to hold money for payment in trust) on the 91st day after the date of irrevocable deposit with such Loan Trustee of money or certain obligations of the United States which will provide money in an aggregate amount sufficient to pay when due all of the Equipment Notes issued thereunder in accordance with the terms of such Indenture. Such discharge may occur only if, among other things, the Internal Revenue Service has published a ruling to the effect that holders of such Equipment Notes will not recognize income, gain or loss for federal income tax purposes as a result of such deposit, defeasance and discharge and will be subject to federal income tax on the same amounts and in the same manner and at the same times as would have been the case if such deposit, defeasance and discharge had not occurred. (Indentures, Sections 10.01 and 10.02)

Upon such defeasance, or upon payment in full of all Equipment Notes issued under an Indenture or deposit with the related Loan Trustee of money sufficient therefor no earlier than one year prior to the maturity or redemption thereof, the holders of such Equipment Notes will have no beneficial interest in or other rights with respect to the related Aircraft or other assets subject to the lien of such Indenture and such lien shall terminate. (Indentures, Section 10.01)

#### ASSUMPTION OF OBLIGATIONS BY AMERICAN

Upon the voluntary termination of a Lease in connection with the exercise by American of any of its options to purchase the Aircraft subject to such Lease prior to the end of the term of such Lease, American may assume on a full recourse basis all of the rights and obligations of the related Owner Trustee (other than its obligations and liabilities in its individual capacity) under the related Indenture, including the obligations to make payments in respect of the Equipment Notes issued thereunder. In such event, certain relevant provisions of the related Lease, including (among others) provisions relating to maintenance, possession and use of the related Aircraft, liens, insurance and events of default, will be incorporated into such Indenture, and the Equipment Notes issued under such Indenture will not be redeemed and will continue to be secured by such Aircraft. It is a condition to such assumption that an opinion of counsel be delivered at the time of such assumption substantially to the effect that the Loan Trustee under such Indenture should, immediately following such assumption, be entitled to the benefits of Section 1110 of the Bankruptcy Code with respect to such Aircraft (including the engines related thereto), but such opinion need not be delivered to the extent that the benefits of such Section 1110 are not available to such Loan Trustee with respect to such Aircraft or any engine related thereto immediately prior to such assumption. (Indentures, Section 7.03)

#### THE LEASES

Term and Rent. Each Aircraft has been leased separately by the related Owner Trustee to American for a term commencing on the delivery date thereof to such Owner Trustee and expiring on a date not earlier than the latest maturity date of the Equipment Notes issued with respect to such Aircraft, unless previously terminated as permitted by the related Lease. The semiannual basic rent payments by American under each Lease will be payable on each May 26 and November 26, and have been assigned by the related Owner Trustee to the Loan Trustee under the related Indenture to provide the funds necessary to make payments of principal and interest due from the related Owner Trustee on the Equipment Notes issued under the related Indenture. (Leases, Section 3; Indentures, Granting Clause and Section 3.03) Although in certain cases the semiannual basic rent payments under the Leases may be adjusted, under no circumstances will rent or other payments that American is unconditionally obligated to make or cause to be made under any Lease be less than the scheduled payments of principal and interest on the Equipment Notes issued under the Indenture relating to such Lease. The balance of any semiannual basic rent payments under each Lease, after payment of the scheduled principal and interest on the Equipment Notes issued under the Indenture relating to such

Lease, will be paid over to the related Owner Trustee for distribution to the related Owner Participant. American's obligation to pay rent is a general obligation of American. (Leases, Section 3)

Possession, Sublease and Transfer. American may sublease any Aircraft to the United States government or any instrumentality or agency thereof, to any United States certificated air carrier or to certain foreign air carriers (such United States and foreign air carriers being "Permitted Air Carriers") so long as the term of the sublease does not continue beyond the end of the term of the related Lease. In addition, subject to certain limitations, American may transfer possession of any Aircraft other than by sublease, including transfers in connection with normal interchange and pooling arrangements with Permitted Air Carriers, "wet leases," transfers to the United States government or any instrumentality or agency thereof and transfers in connection with maintenance or modifications. If an Aircraft is subleased or the possession thereof is otherwise transferred, such Aircraft will remain subject to the related Lease and to the lien of the related Indenture. (Leases, Section 7(b)) The Aircraft may be operated by American or under sublease or interchange arrangements in countries that are not parties to the Convention on the International Recognition of Rights in Aircraft (the "Convention"), and the extent to which the related Loan Trustee's security interest would be recognized in any jurisdiction other than the United States, whether or not such jurisdiction adheres to the Convention, is uncertain. See "Description of the Equipment Notes -- Security" in the accompanying Prospectus.

Registration. The Aircraft will initially be registered in the name of the related Owner Trustee under the laws of the United States. American, at its expense, may, under certain circumstances, register any of the Aircraft in the name of the related Owner Trustee or, if required by applicable law, in American's or some other person's name in a jurisdiction other than the United States. If an Aircraft is registered in a foreign jurisdiction, the extent to which the related Loan Trustee's security interest would be recognized in any jurisdiction, whether or not such jurisdiction adheres to the Convention, is uncertain. See "Description of the Equipment Notes -- Security" in the accompanying Prospectus. (Leases, Section 7(a))

Liens. Each Aircraft will be maintained free of any liens, other than the respective rights of American, the related Owner Participant, the related Owner Trustee, the related Loan Trustee and the holders of the Equipment Notes issued with respect thereto arising under the related Lease, the related Indenture, the related Participation Agreement, the related Refunding Agreement, the Basic Agreement, the Trust Supplements or the related Trust Agreement, and other than, in the case of each Aircraft, certain limited liens permitted under the Lease and Indenture relating thereto, including liens for taxes either not yet due and payable or being contested in good faith; materialmen's, mechanics' and other similar liens arising in the ordinary course of business and either not yet due and payable or being contested in good faith; liens arising out of judgments or awards that are being appealed in good faith and whose enforcement has been stayed pending such appeal; and salvage or similar rights of insurers under insurance policies maintained pursuant to the related Lease. (Leases, Section 6)

Insurance. American will, at its expense, maintain insurance against losses of or damage to each Aircraft 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 such insurance shall at all times be in an amount not less than the stipulated loss value of each Aircraft (which shall be an amount at least equal to the aggregate unpaid principal of, and unpaid interest on, the outstanding Equipment Notes related to such Aircraft on the date of payment thereof (the "Stipulated Loss Value")). All policies covering loss of or damage to each Aircraft shall be made payable to the related Loan Trustee for any loss in excess of a specified amount (the greatest such amount for any Aircraft being \$10,000,000) up to the Stipulated Loss Value for such Aircraft. American may self-insure a portion of these risks by means of deductible or premium adjustment provisions in insurance policies, but in no case will the self-insurance (including the self-insurance for public liability and property damage referred to below) with respect to all of the aircraft and engines in American's fleet (including the Aircraft) exceed, for any 12-month policy year, the lesser of 50% of the largest replacement value of any single aircraft in American's fleet at the time or 1 1/2% of the average aggregate insurable value (for the preceding year) of all aircraft on which American carries insurance; provided that if there is a material adverse change in the financial condition of American from that at December 31, 1982, upon notice from the related Owner Trustee, American shall, until American's financial condition is restored

at least to that at December 31, 1982, reduce the permitted self-insurance to such reasonable amount as such Owner Trustee may require. American is also permitted a deductible per occurrence not in excess of the amount customarily allowed as a deductible in the industry.

In addition, American will, at its expense, maintain public liability and property damage insurance (exclusive of manufacturer's product liability insurance) with respect to each Aircraft (i) in amounts that are not less than the public liability and property damage insurance applicable to similar aircraft and engines that comprise American's fleet on which American carries insurance; (ii) of the type usually carried by corporations engaged in the same or similar business, similarly situated with American and owning or operating similar equipment and covering risks of the kind customarily insured against by American; and (iii) which is maintained in effect with insurers of recognized responsibility. American may also self-insure a portion of these risks by means of deductible or premium adjustment provisions in insurance policies subject to the same limitations described above for insurance for risks of loss of or damage to the Aircraft. American is also permitted a deductible per occurrence not in excess of the amount customarily allowed as a deductible in the industry. The related Loan Trustee, the Trustee, the related Owner Trustee, the related Owner Participant and American will be named as insured parties as their respective interests may appear under all liability insurance policies required with respect to each of the Aircraft. In addition, the insurance policies maintained under the Lease with respect to each Aircraft will provide that, in respect of the respective interests of the related Loan Trustee, the Trustee, the related Owner Trustee and the related Owner Participant, the insurance shall not be invalidated by any action or inaction of American. American may not operate or locate any Aircraft (i) in any area excluded from coverage by any insurance required by the Lease related thereto, unless requisitioned for use by the government (including any instrumentality or agency thereof) of the United States or the government of one of certain other countries specified in the applicable Leases (the government of the United States and of such other specified countries each being a "Permitted Government") and such Permitted Government provides indemnification in lieu of such insurance coverage or (ii) in any war zone or recognized or, in American's judgment, threatened area of hostilities, unless such Aircraft is covered by war risk insurance or operated or used under contract with a Permitted Government, pursuant to which such Permitted Government assumes liability for damage, loss, destruction or failure to return possession of such Aircraft at the end of the term of such contract, or for injury to persons or damage to property of others. (Leases, Sections 7(a) and 11)

Termination. Subject to certain conditions, American may terminate each Lease commencing on various dates, the earliest of which for any Aircraft is July 2, 1996. American will be required to give to the related Owner Trustee and the related Loan Trustee notice of its intention to terminate such Lease a specified number of days (90 days as to two Aircraft and 180 days as to one Aircraft) prior to the proposed date of termination of the Lease, but, unless a prospective purchaser shall have entered into a contract for the purchase of such Aircraft at least 30 days before the proposed termination date, such notice will be withdrawn. In connection with a termination, in the event the related Owner Trustee elects or is deemed to have elected to sell the Aircraft, American may act as non-exclusive agent for the related Owner Trustee in obtaining bids for such Aircraft. The related Owner Trustee may also seek bids for such Aircraft. The related Owner Trustee shall sell such Aircraft to the purchaser designated in such contract of purchase (or such other purchaser as may be agreed upon by American and such Owner Trustee) on the termination date specified in American's notice of termination. The proceeds of such sale shall be paid to the related Owner Trustee. If the net proceeds received from such sale are less than the termination value for such Aircraft (which shall be an amount at least equal to the aggregate unpaid principal of, and unpaid interest on, the outstanding Equipment Notes related to such Aircraft on the date of such sale (the "Termination Value")), American shall pay the related Owner Trustee an amount equal to the difference between such proceeds and such Termination Value, together with certain other amounts. All funds to be paid to or deposited with the related Owner Trustee as described in this paragraph shall, so long as the related Indenture shall not have been discharged, be deposited directly with the related Loan Trustee. Amounts in excess of the outstanding principal amount of the Equipment Notes issued under such Indenture, any applicable premium thereon, and the then accrued and unpaid interest thereon will be distributed by the related Loan Trustee to the related Owner Trustee for the benefit of the related Owner Participant. The lien of such Indenture shall terminate after the full Termination Value has been received by the related Loan Trustee and, if all amounts due such Owner Participant have also been paid, the related



Lease shall terminate and the obligation of American thereafter to make rental payments under such Lease shall cease. In the event any Aircraft is not sold by its proposed termination date, the Lease relating thereto, including all of American's obligations thereunder, shall continue in effect. (Leases, Section 9; Indentures, Sections 3.02, 6.01 and 6.04)

In connection with a termination of a Lease, American also has the option to purchase the Aircraft under certain circumstances specified in such Lease. In the event American exercises such option, the purchase price therefor is an amount to be calculated pursuant to the terms of such Lease. Unless American elects to assume the related Equipment Notes as described below, such purchase price and certain other amounts payable under the related Lease shall, in any case, be sufficient to pay the redemption price of the related Equipment Notes. American may elect either to pay such redemption price to the Loan Trustee under the related Indenture and acquire the Aircraft free of the lien of such Indenture or to assume on a full recourse basis all of such Owner Trustee's obligations in respect of such Equipment Notes and acquire the Aircraft subject to the lien of the Indenture. (Leases, Section 9(e); Indentures, Sections 6.01, 7.03). See "Description of the Equipment Notes -- Assumption of Obligations by American."

The related Owner Trustee shall have the option to retain an Aircraft with respect to which American has given a notice of termination. In such event, the related Owner Trustee shall pay, or cause to be paid, to the related Loan Trustee funds in an amount equal to the aggregate outstanding principal of and accrued interest on the Equipment Notes with respect to such Aircraft, together with all other sums due and payable to the holders thereof on the termination date (other than premium, if any, which American shall pay to the related Loan Trustee). (Leases, Section 9)

Purchase Option. American has the right at the end of the term of each Lease to purchase the Aircraft subject thereto for an amount to be calculated pursuant to the terms of such Lease. (Leases, Section 20).

American also has the option, as to any Aircraft, exercisable irrevocably upon not less than 120 days prior written notice to the applicable Owner Trustee, to purchase the Aircraft on certain specified dates. In the event American exercises such option, without assuming the related Equipment Notes as described below, the purchase price for the Aircraft and certain other amounts payable under the related Lease shall be sufficient to pay the redemption price of the related Equipment Notes. American may elect either to pay such redemption price to the Loan Trustee under the related Indenture and acquire the Aircraft free of the lien of such Indenture or to assume on a full recourse basis all of such Owner Trustee's obligations in respect of such Equipment Notes and acquire the Aircraft subject to the lien of the Indentures. (Leases, Section 20(b); Indentures, Sections 6.01, 7.03). See "Description of the Equipment Notes -- Assumption of Obligations by American."

Events of Loss. If an Event of Loss occurs with respect to an Aircraft, American shall pay to the related Owner Trustee the Stipulated Loss Value of such Aircraft, together with certain additional amounts, or shall replace such Aircraft. In the event American elects to replace such Aircraft, it must do so within a specified number of days (120 days as to two Aircraft and 180 days as to one Aircraft) with a passenger aircraft having a value and utility at least equal to, and in as good operating condition as, the Aircraft subject to the Event of Loss immediately prior to the occurrence of such Event of Loss, assuming such Aircraft was in the condition and repair required by the related Lease. If American pays the Stipulated Loss Value of an Aircraft subject to an Event of Loss, together with certain additional amounts, which in all circumstances will be at least sufficient to pay in full as of the date of payment thereof the aggregate unpaid principal of the outstanding Equipment Notes issued with respect to such Aircraft, together with all unpaid interest thereon accrued and to accrue to the date on which such amount is paid, the lien of the Indenture and the Lease relating to such Aircraft shall terminate with respect to such Aircraft, title thereto shall be transferred to American and the obligation of American thereafter to make rental payments with respect thereto shall cease. The Stipulated Loss Value and other payments made by American shall be deposited with the related Loan Trustee. Amounts in excess of the outstanding principal amount of the Equipment Notes issued with respect to such Aircraft and the then accrued and unpaid interest thereon will be distributed by the related Loan Trustee to the related Owner Trustee for the benefit of the related Owner Participant. (Leases, Section 10(a); Indentures, Section 3.02)

If an Event of Loss occurs with respect to an Engine alone, American shall replace such Engine with another engine of a comparable or an improved model of the same or another manufacturer and suitable for installation and use on the applicable Aircraft and compatible for use on such Aircraft with the other Engine subject to the Lease thereof, and having a value and utility at least equal to, and in as good operating condition as, the Engine subject to the Event of Loss, assuming such Engine was of the value and utility and in the condition and repair required by the related Lease immediately prior to the occurrence of such Event of Loss. (Leases, Section 10(b))

An Event of Loss with respect to any property means any of the following events: (i) the 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 (in the case of theft or disappearance as to one Aircraft, the continuation thereof for a period of not less than 180 days); (ii) any damage to such property that results in an insurance settlement with respect to such property on the basis of total loss or a constructive total loss; (iii) the condemnation, confiscation or seizure of, or requisition of title to, such property or certain requisitions for use of such property; (iv) as a result of any rule, regulation, order or other action by the Federal Aviation Administration, the Department of Transportation or other governmental body of the United States or other country of registry having jurisdiction, the use of such property in the normal course of air transportation of persons shall have been prohibited for specified periods; or (v) the operation or location of any Aircraft while under requisition for use by any Permitted Government, in any area excluded from coverage by any insurance policy required by the terms of the Lease in effect with respect to such Aircraft, unless American shall have obtained indemnity in lieu thereof from such Permitted Government. (Leases, Section 1)

Lease Events of Default. Events of default (each, a "Lease Event of Default") under each Lease include, among other things: (a) failure by American to make any payment of basic rent, Stipulated Loss Value or Termination Value within 15 days after such payment shall have become due or of supplemental rent (with certain exceptions) within a specified number of days after written notice of such failure, (b) failure by American to maintain insurance on or with respect to the Aircraft in accordance with the provisions of such Lease, (c) American's operation of the Aircraft subject to such Lease at a time when public liability insurance required by the provisions of such Lease shall not be in effect, (d) failure by American to perform or observe any covenant, condition or agreement to be performed or observed by it under such Lease or certain related documents, continued after notice and specified cure periods, (e) any material representation or warranty made by American in such Lease or certain related documents being incorrect in any material respect at the time made and such incorrectness continuing to be material and unremedied after notice and specified cure periods and (f) the occurrence of certain events of bankruptcy, reorganization or insolvency of American. There are no cross-default provisions in the Leases and, consequently, events resulting in a Lease Event of Default under any particular Lease may not result in a Lease Event of Default occurring under any other Lease. (Leases, Section 14)

If a Lease Event of Default under a Lease has occurred and is continuing, and such Lease has been declared to be in default, the related Loan Trustee, as assignee of the related Owner Trustee's rights under such Lease, may exercise one or more of the remedies provided in such Lease with respect to the Aircraft subject thereto. These remedies include the right to repossess and use or operate such Aircraft, to sell or re-lease such Aircraft free and clear of American's rights and retain the proceeds and to require American to pay as liquidated damages any unpaid rent plus an amount equal to the excess of the Termination Value of such Aircraft over, at the related Loan Trustee's option, any of (i) the discounted fair market rental value thereof for the remainder of the term for such Aircraft, (ii) the fair market sales value thereof or (iii) if such Aircraft or any Engine has been sold, the net sales proceeds. (Leases, Section 15)

#### THE PARTICIPATION AGREEMENTS

American will be required to indemnify the Loan Trustee, the respective Owner Participants, the Owner Trustee and the Trustee for certain losses, claims and other matters. American will be required under certain circumstances to indemnify each Owner Participant against the loss of depreciation deductions and certain other benefits allowable for certain income tax purposes with respect to the related Aircraft. Each Owner

Participant will be required to indemnify the Loan Trustee and the holders of the Equipment Notes issued with respect to the Aircraft in which such Owner Participant has an interest for certain losses that may be suffered as a result of the failure of such Owner Participant to discharge certain liens or claims on or against the assets subject to the lien of the related Indenture. Subject to certain restrictions, each Owner Participant may transfer its interest in the related Aircraft.

#### FEDERAL INCOME TAX CONSEQUENCES

Prospective investors should consult the section entitled "Federal Income Tax Consequences" in the accompanying Prospectus together with the discussion of certain subsequent developments below, for a discussion of the anticipated material federal income tax consequences of the purchase, ownership and disposition of Pass Through Certificates.

#### FINAL TREASURY REGULATIONS

On January 27, 1994, the Internal Revenue Service issued final regulations regarding original issue discount and certain related matters (the "Final Regulations"). Based on the Final Regulations, it is anticipated that, subject to the possible application to certain investors of the aggregation rules discussed below, and except as described below under "Special Rules for Trust 1994-A1", the Equipment Notes will not be issued with original issue discount. The Final Regulations contain certain aggregation rules which, depending on all the facts and circumstances, could require that where one investor purchases Pass Through Certificates issued by more than one Trust certain of that investor's interests in the Equipment Notes in those Trusts must be treated as a single debt instrument for purposes of calculating and amortizing any original issue discount. If the aggregation rules were applicable to such an investor, such Equipment Notes could be treated with respect to such investor as having been issued with original issue discount. Generally, a holder of a debt instrument issued with original issue discount that is not de minimis must include such original issue discount in income as it accrues, in advance of the receipt of the cash attributable to such income, under a method that takes into account the compounding of interest.

Certificateholders are urged to consult their own tax advisors regarding the application of the aggregation rules, certain accrual elections with respect to debt instruments and other aspects of the Final Regulations.

#### SPECIAL RULES FOR TRUST 1994-A1

An obligation with a term that is not more than one year from the date of issue (such as the Equipment Notes in Trust 1994-A1) is treated as having been issued with original issue discount in an amount equal to the difference between the total principal and interest payments and the issue price of such obligation. In general, a holder of such an obligation using the cash method of accounting is not required to accrue original issue discount with respect to such obligation unless it elects to do so. Holders using an accrual method of accounting and certain other holders, including banks and dealers in securities, are required to accrue original issue discount (or, if the holder so elects, "acquisition discount" in an amount equal to the difference between the total principal and interest payments and the holder's basis) with respect to such obligation. For this purpose, original issue discount accrues on a straight-line basis unless an election is made to use the constant yield method (based on daily compounding). Holders who are not required and do not elect to accrue original issue discount with respect to such an obligation will be required to defer, until such obligation is sold or otherwise disposed of, the deduction of a portion of the interest on any indebtedness incurred or continued to purchase or carry such obligation.

#### BACKUP WITHHOLDING

The "backup" withholding tax rate has been increased to 31%.

#### CERTAIN CONNECTICUT TAXES

The Trustee is a national banking association with its corporate trust office in Connecticut. Bingham, Dana & Gould, current counsel to the Trustee, will render the advice described under the caption "Certain Connecticut Taxes" in the accompanying Prospectus.

## ERISA CONSIDERATIONS

The Pass Through Certificates may not be purchased by any ERISA Plan or by any entity whose assets constitute assets of an ERISA Plan. Certain governmental plans and non-electing church plans, however, are not subject to Title I of ERISA or Section 4975 of the Code and, therefore, may purchase the Pass Through Certificates. Each investor must determine whether it is permitted to purchase Pass Through Certificates. In making such determination, insurance companies that expect to use general account assets to acquire Pass Through Certificates must consider whether, under the decision of the United States Supreme Court in *John Hancock Mutual Life Insurance Co. v. Harris Trust and Savings Bank*, 114 S. Ct. 517 (1993), such general account assets may be deemed to constitute assets of one or more ERISA Plans for purposes of Section 406 of ERISA or Section 4975 of the Code. The purchase by any person of any Pass Through Certificate constitutes a representation by such person to American, the related Owner Participants, the Owner Trustees, the Loan Trustees and the Trustee that such person is not an ERISA Plan and that such person is not acquiring, and has not acquired, such Pass Through Certificate with assets of an ERISA Plan.

## UNDERWRITING

Under the terms of and subject to the conditions contained in the Underwriting Agreement, Morgan Stanley & Co. Incorporated, Lehman Brothers Inc., Salomon Brothers Inc and Pryor, McClendon, Counts & Co., Inc. (the "Underwriters") have agreed to purchase from the Trustee the percentage of the Pass Through Certificates of each Trust and the aggregate principal amount of Pass Through Certificates, in each such case as set forth opposite its name below.

| UNDERWRITER<br>-----                      | PERCENTAGE OF AGGREGATE<br>PRINCIPAL AMOUNT OF<br>EACH SERIES<br>----- | TOTAL AGGREGATE<br>PRINCIPAL AMOUNT<br>OF CERTIFICATES<br>----- |
|---|--|---|
| Morgan Stanley & Co. Incorporated.....    | %  | \$  |
| Lehman Brothers Inc. ....                 |  |   |
| Salomon Brothers Inc.....                 |  |   |
| Pryor, McClendon, Counts & Co., Inc. .... |  |   |
| Total.....                                | 100%   | \$  |
|   | -----  | -----   |

The Underwriting Agreement provides that the obligation of the Underwriters to pay for and accept delivery of the Pass Through Certificates is subject to, among other things, the approval of certain legal matters by counsel and certain other conditions. The Underwriters are obligated to take and pay for all of the Pass Through Certificates to be purchased by them if any are taken.

The Underwriters initially propose to offer all or part of the Pass Through Certificates directly to the public at the public offering prices per Pass Through Certificate designation set forth on the cover page of this Prospectus Supplement and may offer a portion of the Pass Through Certificates to dealers at a price which represents a concession not in excess of the amounts set forth below for the respective designations of the Pass Through Certificates. The Underwriters may allow, and such dealers may reallocate, a concession not in excess of the amounts set forth below for the respective designations of the Pass Through Certificates to certain other dealers. After the initial public offering, the public offering prices and such concessions may from time to time be varied by the Underwriters.

| PASS THROUGH<br>CERTIFICATE DESIGNATION<br>----- | CONCESSION<br>TO DEALERS<br>----- | REALLOWANCE<br>CONCESSION<br>----- |
|--|-----------------------------------|------------------------------------|
| 1994-A1.....                                     | %                                 | %                                  |
| 1994-A2.....                                     | %                                 | %                                  |
| 1994-A3.....                                     | %                                 | %                                  |
| 1994-A4.....                                     | %                                 | %                                  |
| 1994-A5.....                                     | %                                 | %                                  |

American has agreed to indemnify the Underwriters against certain civil liabilities, including liabilities under the Securities Act of 1933.

American does not intend to apply for listing of the Pass Through Certificates on a national securities exchange but has been advised by the Underwriters that the Underwriters presently intend to make a market in the Pass Through Certificates, as permitted by applicable laws and regulations. No Underwriter is obligated, however, to make a market in the Pass Through Certificates and any such market making may be discontinued at any time at the sole discretion of such Underwriter. Accordingly, no assurance can be given as to the liquidity of, or trading markets for, the Pass Through Certificates.

The Underwriters and certain of their respective affiliates perform investment banking, financial advisory, commercial banking and other financial services for AMR, American and certain of their affiliates.

#### LEGAL OPINIONS

The validity of the Pass Through Certificates is being passed upon for American by Debevoise & Plimpton, New York, New York, and for the Underwriters by Shearman & Sterling, New York, New York. Both Debevoise & Plimpton and Shearman & Sterling will rely on the opinion of Bingham, Dana & Gould, Hartford, Connecticut, counsel for State Street Bank and Trust Company of Connecticut, National Association, as Trustee, as to matters relating to the authorization, execution and delivery of the Pass Through Certificates under the Basic Agreement and the Trust Supplements.

AMERICAN AIRLINES  
Pass Through Trusts  
PASS THROUGH CERTIFICATES  
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Up to \$500,000,000 aggregate principal amount of Pass Through Certificates may be offered for sale from time to time pursuant to this Prospectus and related Prospectus Supplements. Pass Through Certificates may be issued in one or more series in amounts, at prices and on terms to be determined at the time of the offering. In respect of each offering of Pass Through Certificates, a separate American Airlines Pass Through Trust for each series of Pass Through Certificates being offered (each, a "Trust") will be formed pursuant to the Pass Through Trust Agreement (the "Basic Agreement") and the supplement thereto (a "Trust Supplement") relating to such Trust between American Airlines, Inc. ("American") and State Street Bank and Trust Company of Connecticut, National Association (the "Trustee"), as trustee under each Trust. Each Pass Through Certificate in a series will represent a fractional undivided interest in the related Trust and will have no rights, benefits or interest in respect of any other Trust. The property of each Trust will consist of equipment notes (the "Equipment Notes") (a) issued with recourse by American to finance or refinance all or a portion of the equipment cost of aircraft, including engines, which have been or will be purchased by American (each, an "Owned Aircraft") or (b) issued on a nonrecourse basis by one or more owner trustees pursuant to separate leveraged lease transactions to finance or refinance a portion of the equipment cost of aircraft, including engines, which have been or will be leased to American (each, a "Leased Aircraft" and together with the Owned Aircraft, the "Aircraft"). The Equipment Notes issued in respect of the Leased Aircraft will not be direct obligations of, or guaranteed by, American, but the amounts unconditionally payable by American for the lease of such Aircraft will be sufficient to pay in full when due all payments required to be made on such Equipment Notes. The Equipment Notes issued in respect of the Owned Aircraft will be direct obligations of American. The Prospectus Supplement relating to each offering of Pass Through Certificates will describe certain terms of the Pass Through Certificates being offered, the Trust or Trusts relating thereto, the Equipment Notes to be purchased by such Trust or Trusts, Aircraft relating to such Equipment Notes and the leveraged lease transactions, if any, relating thereto.

Equipment Notes may be issued in respect of an Aircraft in one or more series, each series having a different interest rate and final maturity date. A separate Trust will purchase one or more series of the Equipment Notes issued with respect to each of one or more Aircraft. All of the Equipment Notes held in such Trust will have an interest rate equal to the interest rate applicable to the Pass Through Certificates issued by such Trust and maturity dates occurring on or before the final distribution date applicable to such Pass Through Certificates. The Equipment Notes issued with respect to each Aircraft will be secured by a security interest in such Aircraft and, in the case of the Leased Aircraft, in the Lease relating thereto, including the right to receive rentals payable in respect of such Aircraft by American.

Interest paid on the Equipment Notes held in each Trust will be passed through to the holders of the Pass Through Certificates relating to such Trust on the dates and at the rate per annum set forth in the Prospectus Supplement relating to such Pass Through Certificates until the final distribution date for such Trust. Principal paid on the Equipment Notes held in each Trust will be passed through to the holders of the Pass Through Certificates relating to such Trust in scheduled amounts on the dates set forth in the Prospectus Supplement relating to such Pass Through Certificates until the final distribution date for such Trust.

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THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE  
SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES  
COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION  
OR ANY STATE SECURITIES COMMISSION PASSED UPON THE  
ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY  
REPRESENTATION TO THE CONTRARY IS  
A CRIMINAL OFFENSE.  
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The Pass Through Certificates may be sold through underwriters, dealers or agents or directly to purchasers. See "Plan of Distribution." The accompanying Prospectus Supplement sets forth the names of any underwriters, dealers or agents involved in the sale of the Pass Through Certificates in respect of which this Prospectus is being delivered and any applicable fee, commission or discount arrangements with them. See "Plan of Distribution" for information concerning secondary trading of the Pass Through Certificates.

This Prospectus may not be used to consummate sales of Pass Through Certificates unless accompanied by a Prospectus Supplement.

June 5, 1992

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED OR INCORPORATED BY REFERENCE IN THIS PROSPECTUS IN CONNECTION WITH THE OFFER CONTAINED IN THIS PROSPECTUS, AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY AMERICAN OR BY ANY UNDERWRITERS, AGENTS OR DEALERS. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY SECURITIES OTHER THAN THE SECURITIES TO WHICH IT RELATES OR ANY OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY SECURITIES IN ANY JURISDICTION TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF AMERICAN SINCE THE DATE HEREOF OR THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO ITS DATE.

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## AVAILABLE INFORMATION

American is subject to the information requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports and other information with the Securities and Exchange Commission (the "Commission"). Such reports and other information concerning American may be inspected and copied at the public reference facilities maintained by the Commission at Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549, Room 1024; Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661-2511; and 75 Park Place, New York, New York 10007, 14th Floor. Copies of such material can be obtained from the Public Reference Section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. Such material can also be inspected and copied at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005.

This Prospectus constitutes a part of a registration statement on Form S-3 (together with all amendments and exhibits, the "Registration Statement") filed by American with the Commission under the Securities Act of 1933, as amended (the "Securities Act"). This Prospectus does not contain all of the information included in the Registration Statement, certain parts of which are omitted in accordance with the rules and regulations of the Commission. Reference is made to such Registration Statement and to the exhibits relating thereto for further information with respect to American and the securities offered hereby.

## REPORTS TO CERTIFICATEHOLDERS BY THE TRUSTEE

State Street Bank and Trust Company of Connecticut, National Association, as Trustee for the holders of the Pass Through Certificates, will provide to such holders certain periodic statements concerning distributions made with respect to each Trust. See "Description of the Pass Through Certificates -- Statements to Certificateholders".

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents have been filed with the Commission and are incorporated herein by reference:

1. American's Annual Report on Form 10-K for the fiscal year ended December 31, 1991;
2. American's Quarterly Report on Form 10-Q for the quarter ended March 31, 1992; and
3. American's Current Report on Form 8-K dated February 19, 1992.

All documents filed by American pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the date of this Prospectus and prior to the termination of the offering of, or deregistration of, the Pass Through Certificates offered hereby shall be deemed to be incorporated by reference in this Prospectus and to be a part hereof from the date of filing of such documents. Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified and superseded, to constitute a part of this Prospectus.

American will provide without charge to each person to whom this Prospectus is delivered, upon the request of such person, a copy of any or all of the foregoing documents relating to it incorporated herein by reference (other than exhibits). Requests for such documents should be directed to the Corporate Secretary of American at P.O. Box 619616, Mail Drop 5675, Dallas/Fort Worth Airport, Texas 75261-9616 (Telephone: 817-963-1234).



## PROSPECTUS SUMMARY

In connection with each offering of Pass Through Certificates, one or more separate Trusts (as defined below) will be formed for the purpose of purchasing specific Equipment Notes (as defined below) issued in respect of one or more aircraft purchased or to be purchased by American or leased or to be leased to American pursuant to certain leveraged lease transactions, all as described in the Prospectus Supplement relating to the specific Pass Through Certificates being offered. The following summary describes terms that will be separately applicable to each offering of Pass Through Certificates and the Trust or Trusts formed in connection therewith.

The following summary is qualified in its entirety by reference to the detailed information appearing elsewhere in this Prospectus and by reference to the information contained in the Prospectus Supplement relating to the Pass Through Certificates being offered thereby, and should be read only in conjunction with the entire Prospectus and the applicable Prospectus Supplement.

## THE COMPANY

American is one of the largest United States airlines based upon revenue passenger miles and available passenger seat miles. As of December 31, 1991, American served airports in 40 states and the District of Columbia, as well as numerous airports in Canada, the Caribbean, Mexico and certain other countries in Western Europe, Latin America and Asia.

## THE OFFERING

|                     |  |
|---------------------|--|
| GLOSSARY.....       | Included at the end of this Prospectus as Appendix I is a Glossary of certain of the significant defined terms used herein.  |
| TRUSTS.....         | Each of the American Airlines Pass Through Trusts (the "Trusts") is to be formed pursuant to a Pass Through Trust Supplement (a "Trust Supplement") between American Airlines, Inc. ("American") and State Street Bank and Trust Company of Connecticut, National Association (the "Trustee") which will be entered into pursuant to the terms of the Pass Through Trust Agreement (the "Basic Agreement"), amended and restated as of February 1, 1992, between American and the Trustee. Each Trust will be a separate trust.  |
| TRUST PROPERTY..... | The property of each Trust will consist of equipment notes (a) issued with recourse by American (the "Owned Aircraft Notes") to finance or refinance all or a portion of the equipment cost of aircraft, including engines, which have been or will be purchased by American (each, an "Owned Aircraft") or (b) issued on a nonrecourse basis by one or more Owner Trustees (the "Leased Aircraft Notes" and, together with the Owned Aircraft Notes, the "Equipment Notes") in separate leveraged lease transactions to finance or refinance all or a portion of the equipment cost of aircraft, including engines therefor leased or to be leased by the related Owner Trustee to American (each, a "Leased Aircraft" and together with Owned Aircraft, the "Aircraft"). Equipment Notes will be issued with respect to each Aircraft in one or more series. Each Trust will acquire Equipment Notes having an interest rate equal to the interest rate applicable to the Pass Through Certificates (the "Pass Through Certificates") that will be issued by such Trust. The maturity dates of the Equipment Notes acquired by each Trust will occur on or before the final distribution date applicable to the Pass Through Certificates issued by such Trust. The aggregate principal amount of the Equipment Notes held in each Trust will be the same as the aggregate principal amount of the Pass Through Certificates issued by such Trust. |

PASS THROUGH  
CERTIFICATES OFFERED;

- BOOK-ENTRY REGISTRATION.. All Pass Through Certificates issued by each Trust will be issued as a separate series under the Basic Agreement as supplemented by the related Trust Supplement, will represent fractional undivided interests in the related Trust, and will have no rights, benefits or interest in respect of any other Trust. Pass Through Certificates will be issued in fully registered form only. See "Description of the Pass Through Certificates -- General". Except as otherwise provided in the applicable Trust Supplement, Pass Through Certificates will be registered in the name of Cede & Co. ("Cede"), as the nominee of The Depository Trust Company ("DTC"), and no person acquiring an interest in the Pass Through Certificates (a "Certificate Owner") will be entitled to receive a definitive certificate representing such person's interest in the related Trust, unless definitive certificates are issued under the limited circumstances described herein. See "Description of the Pass Through Certificates -- Book-Entry Registration".
- DENOMINATIONS..... Except as otherwise specified in the applicable Prospectus Supplement, Pass Through Certificates will be issued in minimum denominations of \$1,000 and any integral multiple of \$1,000. The denomination signifies a Certificateholder's pro rata share of the aggregate principal amount of the Equipment Notes held in such Trust. See "Description of the Pass Through Certificates -- General".
- REGULAR DISTRIBUTION
- DATES..... Scheduled Payments will be made on the dates specified as Regular Distribution Dates in the applicable Prospectus Supplement.
- SPECIAL DISTRIBUTION
- DATES..... Special Payments will be made on the dates specified as Special Distribution Dates in the applicable Prospectus Supplement.
- RECORD DATES..... The fifteenth day preceding a Regular or Special Distribution Date.
- DISTRIBUTIONS..... All payments of principal, premium, if any, and interest received by the Trustee on the Equipment Notes held in each Trust will be distributed by the Trustee to the Certificateholders of such Trust on the dates specified in the applicable Prospectus Supplement except in certain cases where such Equipment Notes are in default. For a discussion of distributions upon an Event of Default, see "Description of the Pass Through Certificates -- Events of Default and Certain Rights Upon an Event of Default".
- SPECIAL DISTRIBUTION  
UPON UNAVAILABILITY  
OF AIRCRAFT..... To the extent, due to a casualty to, or other event causing the unavailability of, one or more Aircraft, that any proceeds from the sale of Pass Through Certificates have not been applied by the Trustee by the date specified in the applicable Prospectus Supplement to the purchase of the related Equipment Notes that were contemplated to be held in the related Trust, such proceeds shall be distributed on the date specified in the applicable Prospectus Supplement or an earlier Special Distribution Date to the holders of such Pass Through Certificates on a pro rata basis, together with accrued interest thereon, but without premium. See "Description of the Pass Through Certificates -- Special Distribution Upon Unavailability of Aircraft".
- METHOD OF DISTRIBUTIONS.. So long as Pass Through Certificates are registered in the name of Cede as nominee of DTC, distributions by the Trustee will be made in same day funds to DTC, which will in turn make distributions to participants in DTC ("DTC Participants") in clearing-house or next-day funds, and which will at the end of the month of payment reimburse such DTC Participant for the cost of obtaining same-day funds. The final distribution

of principal with respect to Pass Through Certificates will be made by DTC to DTC Participants in same day funds. Responsibility for distributions by DTC Participants to beneficial owners of Pass Through Certificates will be the responsibility of such DTC Participants and will be made in accordance with customary industry practices. See "Description of the Pass Through Certificates -- Payments and Distributions". At such time, if any, as the Pass Through Certificates are issued in definitive form and not registered in the name of Cede, as nominee for DTC, distributions by the Trustee to Certificateholders, other than the final distribution, will be made by check mailed to each Certificateholder of record on the applicable record date at its address appearing on the register. The final distribution with respect to any Pass Through Certificates will be made only upon surrender and presentation thereof at the office or agency of the Trustee. See "Description of the Pass Through Certificates -- Payments and Distributions".

INTEREST..... Interest paid on the Equipment Notes held in each Trust will be passed through to the Certificateholders of such Trust on the dates and at the rate per annum set forth in the applicable Prospectus Supplement until the final distribution date for such Trust. Interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months. See "Description of the Pass Through Certificates -- Payments and Distributions".

PRINCIPAL..... Principal paid on the Equipment Notes held in each Trust will be passed through to the Certificateholders of such Trust in scheduled amounts on the dates set forth in the applicable Prospectus Supplement until the final distribution date for such Trust. See "Description of the Pass Through Certificates -- Payments and Distributions".

EQUIPMENT NOTES:

REDEMPTION..... The circumstances under which Equipment Notes of any series will be redeemed or purchased, whether voluntarily or involuntarily, the premium (if any) related to such redemptions or purchases and other terms applying to redemptions or purchases will be described in the applicable Prospectus Supplement.

EQUIPMENT NOTES:

SECURITY..... The Owned Aircraft Notes issued with respect to each Owned Aircraft will be secured by a security interest in such Aircraft. The Leased Aircraft Notes issued with respect to each Leased Aircraft will be secured by a security interest in such Aircraft and an assignment to the related Loan Trustee of certain of the related Owner Trustee's rights under the related Lease, including the right to receive rentals and other amounts payable thereunder, with certain exceptions, in respect of such Aircraft by American. Because the values of aircraft fluctuate in accordance with market forces, no assurance can be given as to the market value of any Aircraft at any particular date in the future. The Equipment Notes will not be cross-collateralized and, consequently, the Equipment Notes issued in respect of any one Aircraft will not be secured by any other Aircraft or the Leases, if any, related thereto. There will be no cross-default provisions in the Indentures and, consequently, events resulting in an Indenture Default under any particular Indenture may not result in an Indenture Default occurring under any other Indenture. If the Equipment Notes issued in respect of one or more Aircraft are in default, the Equipment Notes issued in respect of any other Aircraft may not be in default and, if not in default, no remedies will be exercisable under the Indentures with respect to such other Aircraft. See "Description of the

Pass Through Certificates -- Events of Default and Certain Rights Upon an Event of Default" and "Description of the Equipment Notes -- Security". If specified in a Prospectus Supplement, American will have (a) the right to arrange for a sale leaseback of one or more Owned Aircraft referred to in such Prospectus Supplement and the assumption by an Owner Trustee of the related Owned Aircraft Notes, or (b) the right to substitute other aircraft or U.S. government securities or a combination thereof in place of the Owned Aircraft securing the related Owned Aircraft Notes, all as described in such Prospectus Supplement.

Leased Aircraft Notes will not be direct obligations of, or guaranteed by, American, but the amounts unconditionally payable by American for lease of the related Aircraft will be sufficient to pay in full when due all payments required to be made on the Leased Aircraft Notes. The Owned Aircraft Notes are direct obligations of American. See "Description of the Equipment Notes -- General".

USE OF PROCEEDS..... The proceeds from the sale of the Pass Through Certificates will be used to purchase Owned Aircraft Notes or Leased Aircraft Notes. The Owned Aircraft Notes will be issued with recourse by American in order to finance or refinance all or a portion of the equipment cost of Aircraft purchased or to be purchased by American, and the Leased Aircraft Notes will be issued on a nonrecourse basis by one or more Owner Trustees in order to finance or refinance all or a portion of the equipment cost of Aircraft purchased or to be purchased by such Owner Trustees and leased to American. See "Use of Proceeds".

TRUSTEE..... State Street Bank and Trust Company of Connecticut, National Association will act as trustee and, unless otherwise described in the applicable Prospectus Supplement with respect to the Pass Through Certificates of a particular series, as paying agent and registrar for the Pass Through Certificates of each series. Unless otherwise specified in the applicable Prospectus Supplement, State Street Bank and Trust Company of Connecticut, National Association will also act as Loan Trustee for each issue of Equipment Notes.

FEDERAL INCOME TAX CONSEQUENCES..... Each Trust should be classified as a grantor trust for federal income tax purposes, and each Certificate Owner of the series issued by such Trust should be treated as the owner of a pro rata undivided interest in each of the Equipment Notes and any other property held in such Trust and should report on its federal income tax return its pro rata share of income from such Equipment Notes and such other property in accordance with such Certificate Owner's method of accounting. See "Federal Income Tax Consequences".

ERISA CONSIDERATIONS..... Except as otherwise described in the applicable Prospectus Supplement, the Pass Through Certificates, with certain exceptions, are eligible for purchase by employee benefit plans. See "ERISA Considerations".

## THE COMPANY

American is the principal subsidiary of AMR Corporation ("AMR") and accounted for approximately 94% of AMR's assets and operating revenues and expenses in 1991. American is one of the largest United States airlines based upon revenue passenger miles and available passenger seat miles. As of December 31, 1991, American served airports in 40 states and the District of Columbia, as well as numerous airports in Canada, the Caribbean, Mexico and certain other countries in Western Europe, Latin America and Asia.

The postal address for American's principal executive offices is P.O. Box 619616, Dallas/Fort Worth Airport, Texas 75261-9616 (Telephone: 817-963-1234).

## RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth the ratio of earnings to fixed charges for American for the periods indicated. Earnings represent consolidated earnings (loss) before income taxes and fixed charges (excluding interest capitalized). Fixed charges consist of interest and the portion of rental expense deemed representative of the interest factor.

|            | YEAR ENDED DECEMBER 31, |      |      |      |      | THREE MONTHS<br>ENDED<br>MARCH 31, |      |
|------------|-------------------------|------|------|------|------|------------------------------------|------|
|            | 1987                    | 1988 | 1989 | 1990 | 1991 | 1991                               | 1992 |
| Ratio..... | 2.10                    | 2.63 | 2.22 | (a)  | (a)  | (a)                                | 1.07 |

(a) Earnings were inadequate to cover fixed charges by \$211 million for the year ended December 31, 1990, by \$382 million for the year ended December 31, 1991 and \$332 million for the three months ended March 31, 1991.

## FORMATION OF THE TRUSTS

In respect of each offering of Pass Through Certificates, one or more Trusts will be formed, and the related Pass Through Certificates will be issued, pursuant to separate Trust Supplements to be entered into between the Trustee and American in accordance with the terms of the Basic Agreement. All Pass Through Certificates with respect to each Trust will represent fractional undivided interests in such Trust and the property held in such Trust, and will have no rights, benefits or interest in respect of any other Trust or the property held therein. Concurrently with the execution and delivery of each Trust Supplement, the Trustee, on behalf of the Trust formed thereby, will enter into one or more financing or refinancing agreements (each such agreement being herein referred to as a "Note Purchase Agreement") relating to one or more Aircraft described in the applicable Prospectus Supplement. Pursuant to the applicable Note Purchase Agreement or Note Purchase Agreements, the Trustee, on behalf of such Trust, will purchase the Equipment Notes issued with respect to such Aircraft so that all of the Equipment Notes held in such Trust will have an interest rate equal to the interest rate applicable to the Pass Through Certificates issued by such Trust. The maturity dates of the Equipment Notes acquired by each Trust will occur on or before the final distribution date applicable to the Pass Through Certificates issued with respect to such Trust. The Trustee will distribute the amount of payments of principal, premium, if any, and interest received by it as holder of the Equipment Notes to the Certificateholders of the Pass Through Certificates with respect to the Trust in which such Equipment Notes are held. See "Description of the Pass Through Certificates" and "Description of the Equipment Notes".

## USE OF PROCEEDS

As more fully described in the applicable Prospectus Supplement, the Pass Through Certificates will be issued in order to facilitate the financing or refinancing of all or a portion of the equipment cost of Owned Aircraft described in such Prospectus Supplement or the financing or refinancing of all or a portion of the debt component of one or more separate leveraged lease transactions entered into by American, as lessee, with respect to Leased Aircraft described therein. The proceeds from the sale of such Pass Through Certificates will be used by the Trustee on behalf of the applicable Trust or Trusts to purchase, at par, the Owned Aircraft Notes issued by American to finance or refinance all or a portion of the equipment cost of Owned Aircraft purchased or to be purchased by American or Leased Aircraft Notes issued by the respective Owner Trustee or Owner Trustees to finance or refinance all or a portion of the equipment cost of such Leased Aircraft. Simultaneously with the acquisition of each such Leased Aircraft, the respective Owner Trustee leased or will lease such Leased Aircraft to American. Any portion of the proceeds from the sale of Pass Through Certificates not used by the Trustee to purchase Equipment Notes on or prior to the date specified therefor in the applicable Prospectus Supplement will be distributed on a Special Distribution Date to the applicable Certificateholders, together with interest, but without premium. See "Description of the Pass Through Certificates -- Special Distribution Upon Unavailability of Aircraft".

The Equipment Notes with respect to each Aircraft will be issued under a separate Trust Indenture and Security Agreement (each, an "Indenture") between a bank or trust company as trustee thereunder (each, a "Loan Trustee") and (a) with respect to the Owned Aircraft, American or (b) with respect to the Leased Aircraft, an owner trustee, not in its individual capacity (except as expressly set forth therein) but solely as trustee (each, an "Owner Trustee"), of a separate trust for the benefit of one or more institutional or corporate investors (each, an "Owner Participant"). In the case of Leased Aircraft, each Owner Participant will provide, from sources other than the Equipment Notes, at least, unless otherwise specified in the applicable Prospectus Supplement, a portion of the equipment cost of the related Aircraft. No Owner Participant, however, will be personally liable for any amount payable under the related Indenture or the Leased Aircraft Notes issued thereunder.

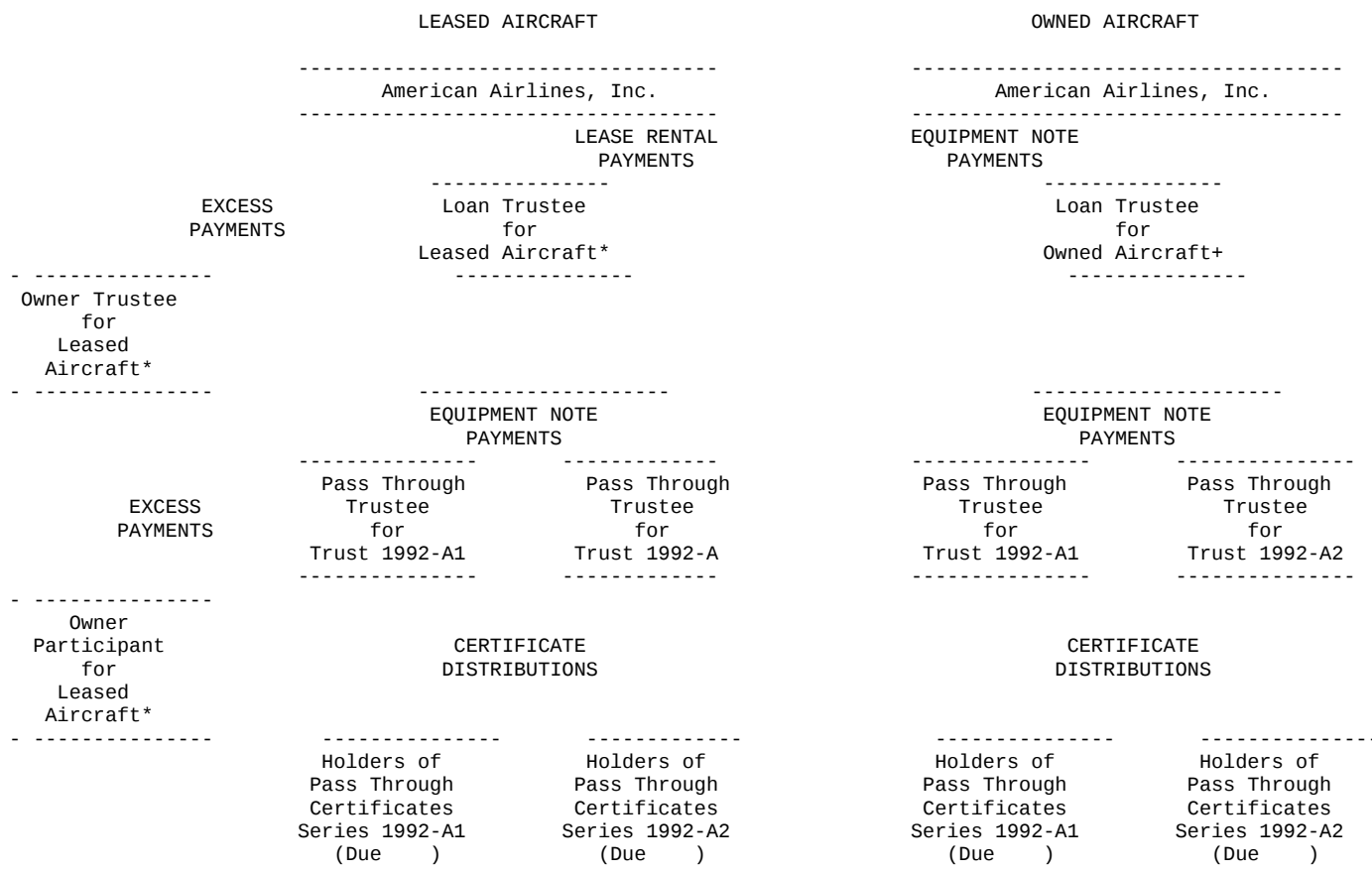
DIAGRAM OF PAYMENTS

The following diagram illustrates certain aspects of the payment flows in a possible transaction for Leased Aircraft among American, the Owner Trustees, the Loan Trustees, the Trusts and the holders of the Pass Through Certificates and a possible transaction for Owned Aircraft among American, the Loan Trustees, the Trusts and the holders of the Pass Through Certificates on the assumptions that two series of Equipment Notes are issued in respect of each Aircraft to two separate Trusts. Equipment Notes with different interest rates and different maturity dates will be issued in separate series; the number of series to be issued in any offering will be described in the applicable Prospectus Supplement.

In a Leased Aircraft transaction, American will lease each Leased Aircraft from the related Owner Trustee under a separate Lease. The Leased Aircraft Notes in respect of each such Leased Aircraft will be issued in two series by the related Owner Trustee and will be secured by such Aircraft and by an assignment of certain rights of such Owner Trustee under the related Lease. Rent is payable under each Lease to the applicable Owner Trustee; however, as a result of the assignment of the Leases, American will make rental payments for each Aircraft directly to the related Loan Trustee. From these rental payments the related Loan Trustee will on behalf of the related Owner Trustee first make payments to the Trustee for each of the Trusts on such Leased Aircraft Notes held in such Trust and will pay the remaining balance to such Owner Trustee for the benefit of the related Owner Participant. The Trustee for each Trust will distribute to the Certificateholders of such Trust payments received on the Leased Aircraft Notes held in such Trust.

In an Owned Aircraft transaction, the Owned Aircraft Notes in respect of each Owned Aircraft will be issued in two series by American and will be secured by such Aircraft. American will make payments on the Owned Aircraft Notes to the related Loan Trustee. From these payments the related Loan Trustee will make payments to the Trustee for each of the Trusts on such Owned Aircraft Notes held in such Trust. The Trustee for each Trust will distribute to the Certificateholders of such Trust payments received on the Owned Aircraft Notes held in such Trust.

In connection with any particular offering of Pass Through Certificates, one or more series of Equipment Notes may be issued in respect of each of one or more Aircraft to one or more separate Trusts, all as described in the applicable Prospectus Supplement.



(\* ) MULTIPLE AIRCRAFT WILL BE SUBJECT TO SEPARATE LEASES AND INDENTURES.

(+ ) MULTIPLE AIRCRAFT WILL BE SUBJECT TO SEPARATE INDENTURES.

## DESCRIPTION OF THE PASS THROUGH CERTIFICATES

In connection with each offering of Pass Through Certificates, one or more separate trusts will be formed, and one or more series of Pass Through Certificates will be issued, pursuant to the Basic Agreement and one or more separate Trust Supplements to be entered into between American and the Trustee. The following summary relates to the Basic Agreement and each of the Trust Supplements, the Trusts to be formed thereby and the Pass Through Certificates to be issued by each Trust except to the extent, if any, described in the applicable Prospectus Supplement. Citations to the relevant sections of the Basic Agreement appear below in parentheses unless otherwise indicated. The statements under this caption are a summary and do not purport to be complete. The summary makes use of terms defined in and is qualified in its entirety by reference to all of the provisions of the Basic Agreement, the form of which has been filed as an exhibit to the Registration Statement of which this Prospectus is a part. The Trust Supplement relating to each series of Pass Through Certificates and the forms of the Leases, if any, Note Purchase Agreements and Indentures relating thereto will be filed as exhibits to a report by American on Form 8-K, 10-Q, or 10-K, as applicable, to be filed with the Commission following the issuance of such series of Pass Through Certificates.

## GENERAL

The Pass Through Certificates of each Trust will be issued in fully registered form only. Each Pass Through Certificate will represent a fractional undivided interest in the separate Trust created by the Trust Supplement pursuant to which such Pass Through Certificate is issued. The property of each Trust will include the Equipment Notes held in such Trust, all monies at any time paid thereon and all monies due and to become due thereunder and funds from time to time deposited with the Trustee in accounts relating to such Trust. Each Pass Through Certificate will correspond to a pro rata share of the outstanding principal amount of the Equipment Notes and other property held in the related Trust and will be issued in minimum denominations of \$1,000 or any integral multiple of \$1,000. (Sections 2.01, 2.02 and 3.01)

Except as otherwise provided in the applicable Trust Supplement, Pass Through Certificates will be registered in the name of Cede & Co. ("Cede") as the nominee of The Depository Trust Company ("DTC") and no person acquiring an interest in Pass Through Certificates ("Certificate Owner") will be entitled to receive a certificate representing such person's interest in the related Trust unless "Definitive Certificates" are issued as described below. Unless Definitive Certificates are issued, all references to actions by Certificateholders shall refer to actions taken by DTC upon instructions from DTC Participants (as defined below), and all references herein to distributions, notices, reports and statements to Certificateholders shall refer, as the case may be, to distributions, notices, reports and statements to DTC or Cede, as the registered holder of the Pass Through Certificates, or to DTC Participants for distribution to Certificate Owners in accordance with DTC procedures. See "Description of the Pass Through Certificates -- Book-Entry Registration". (Section 3.09)

Interest will be passed through to Certificateholders of each Trust at the rate per annum set forth on the cover page of the applicable Prospectus Supplement and will be calculated on the basis of a 360-day year of twelve 30-day months.

The Pass Through Certificates of each series represent interests only in the related Trust and all payments and distributions shall be made only from the related Trust Property. (Section 3.08) The Pass Through Certificates do not represent an interest in or obligation of American, the Trustee, any Owner Trustee with respect to any Leased Aircraft, in its individual capacity, or any affiliate of any thereof.

The Basic Agreement does not and, except as otherwise described in the applicable Prospectus Supplement, the Indentures will not, include financial covenants or "event risk" provisions specifically designed to afford Certificateholders protection in the event of a highly leveraged transaction affecting American. However, the Certificateholders of each series will have the benefit of a lien on the specific Aircraft securing the related Equipment Notes held in the related Trust, as discussed under the caption "Description of the Equipment Notes -- Security".



If specified in a Prospectus Supplement, American will have the right to surrender Pass Through Certificates to the Trustee. In such event, the Trustee will transfer to American an equal principal amount of Equipment Notes relating to a particular Aircraft designated by American and will cancel the surrendered Pass Through Certificates.

#### BOOK-ENTRY REGISTRATION

Except as otherwise described in the applicable Prospectus Supplement, Pass Through Certificates will be subject to the provisions described under this caption for book-entry registration with DTC.

DTC. DTC has advised American that it is a limited purpose trust company organized under the laws of the State of New York, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to Section 17A of the Exchange Act. DTC was created to hold securities for its participants ("DTC Participants") and to facilitate the clearance and settlement of securities transactions between DTC Participants through electronic book-entries, thereby eliminating the need for physical movement of certificates. DTC Participants include securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to the DTC system also is available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a DTC Participant either directly or indirectly ("Indirect Participants").

Certificate Owners that are not DTC Participants or Indirect Participants but desire to purchase, sell or otherwise transfer ownership of, or other interests in, Pass Through Certificates may do so only through DTC Participants and Indirect Participants. In addition, Certificate Owners will receive all distributions of principal and interest from the Trustee through DTC Participants or Indirect Participants, as the case may be. Under a book-entry format, Certificate Owners may experience some delay in their receipt of payments, since such payments will be forwarded by the Trustee to Cede, as nominee for DTC. DTC will forward such payments to DTC Participants, which thereafter will forward them to Indirect Participants or Certificate Owners, as the case may be, in accordance with customary industry practices. The forwarding of such distributions to the Certificate Owners will be the responsibility of such DTC Participants. The only "Certificateholder" will be Cede, as nominee of DTC. Certificate Owners will not be recognized by the Trustee as Certificateholders, as such term is used in the Basic Agreement, and Certificate Owners will be permitted to exercise the rights of Certificateholders only indirectly through DTC and DTC Participants.

Under the rules, regulations and procedures creating and affecting DTC and its operations (the "Rules"), DTC is required to make book-entry transfers of Pass Through Certificates among DTC Participants on whose behalf it acts with respect to the Pass Through Certificates and to receive and transmit distributions of principal of, premium, if any, and interest on the Pass Through Certificates. DTC Participants and Indirect Participants with which Certificate Owners have accounts with respect to the Pass Through Certificates similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Certificate Owners. Accordingly, although Certificate Owners will not possess Pass Through Certificates, the Rules provide a mechanism by which Certificate Owners will receive payments and will be able to transfer their interests.

Because DTC can only act on behalf of DTC Participants, who in turn act on behalf of Indirect Participants, the ability of a Certificate Owner to pledge Pass Through Certificates to persons or entities that do not participate in the DTC system, or to otherwise act with respect to such Pass Through Certificates, may be limited due to the lack of a physical certificate for such Pass Through Certificates.

DTC has advised American that it will take any action permitted to be taken by Certificateholders only at the direction of one or more DTC Participants to whose accounts with DTC the Pass Through Certificates are credited. Additionally, DTC has advised American that it will take such actions with respect to any percentage of the beneficial interest of Certificateholders held in each Trust only at the direction of and on behalf of DTC Participants whose holders include undivided interests that satisfy any such percentage. DTC may take conflicting actions with respect to other undivided interests to the extent that such actions are taken on behalf of DTC Participants whose holders include such undivided interests.

Neither American nor the Trustee will have any liability for any aspect of the records relating to or payments made on account of beneficial ownership interest of the Pass Through Certificates held by Cede, as nominee for DTC, or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Definitive Certificates. With respect to each Trust, the related Pass Through Certificates will be issued in fully registered, certificated form ("Definitive Certificates") to Certificate Owners or their nominees, rather than to DTC or its nominee, only if (i) American advises the Trustee in writing that DTC is no longer willing or able to discharge properly its responsibilities as depository with respect to such Pass Through Certificates and American is unable to locate a qualified successor, (ii) American, at its option, elects to terminate the book-entry system through DTC or (iii) after the occurrence of an Event of Default Certificate Owners representing an aggregate percentage interest in such Trust of not less than a majority advise the Trustee through DTC in writing that the continuation of a book-entry system through DTC (or a successor thereto) is no longer in the Certificate Owners' best interest. (Section 3.09)

Upon the occurrence of any event described in the immediately preceding paragraph, the Trustee will be required to notify all affected Certificate Owners through DTC Participants of the availability of Definitive Certificates. Upon surrender by DTC of the certificates representing the Pass Through Certificates and receipt of instructions for re-registration, the Trustee will reissue the Pass Through Certificates as Definitive Certificates to Certificate Owners. (Section 3.09)

Distributions of principal of, premium, if any, and interest on the Pass Through Certificates will thereafter be made by the Trustee in accordance with the procedures set forth in the Basic Agreement and the applicable Trust Supplements, directly to holders of Definitive Certificates in whose names such Definitive Certificates were registered at the close of business on the Record Date. Such distributions will be made by check mailed to the address of each such holder as it appears on the register maintained with respect to the applicable Trust. The final payment on any Pass Through Certificate, however, will be made only upon presentation and surrender of such Pass Through Certificate at the office or agency specified in the notice of final distribution to Certificateholders. (Section 4.02)

Definitive Certificates will be freely transferable and exchangeable at the office of the Trustee upon compliance with the requirements set forth in the Basic Agreement and the applicable Trust Supplements. No service charge will be imposed for any registration of transfer or exchange, but payment of a sum sufficient to cover any tax or other governmental charge shall be required. (Section 3.09)

Same-Day Settlement and Payment. All payments made by American to the Loan Trustees under the Leases or Owned Aircraft Notes, as the case may be, will be in immediately available funds and will be passed through to DTC in immediately available funds.

Secondary trading in long-term notes and debentures of corporate issuers is generally settled in clearing-house or next-day funds. In contrast, the Pass Through Certificates will trade in DTC's Same Day Funds Settlement System until maturity, and secondary market trading activity in the Pass Through Certificates will therefore be required by DTC to settle in immediately available funds. No assurance can be given as to the effect, if any, of settlement in immediately available funds on trading activity in the Pass Through Certificates.

#### PAYMENTS AND DISTRIBUTIONS

Payments of principal of, premium, if any, and interest on the Equipment Notes held in each Trust received by the Trustee will be distributed by the Trustee to the Certificateholders of such Trust on the date such receipt is confirmed, except in certain cases when some or all of such Equipment Notes are in default. See "Description of the Pass Through Certificates -- Events of Default and Certain Rights Upon an Event of Default".

Payments of principal of, and interest on the unpaid principal amount of, the Equipment Notes held in each Trust will be scheduled to be received by the Trustee on the dates specified in the applicable Prospectus Supplement (such scheduled payments of principal of, and interest on, the Equipment Notes are herein referred to as "Scheduled Payments", and the dates specified therefor in the applicable Prospectus Supplement are herein referred to as "Regular Distribution Dates"). The Trustee of each Trust will distribute

on each Regular Distribution Date to the Certificateholders of such Trust all Scheduled Payments the receipt of which is confirmed by the Trustee on such Regular Distribution Date. Each such distribution of Scheduled Payments will be made by the Trustee to the holders of record of the Pass Through Certificates of such Trust on the fifteenth day next preceding such Regular Distribution Date, subject to certain exceptions. (Sections 4.01 and 4.02) If a Scheduled Payment is not received by the Trustee on a Regular Distribution Date but is received within five days thereafter, it will be distributed on the date received to such holders of record. If it is received after such five day period, it will be treated as a Special Payment and distributed as described below.

Each Trust will hold the Equipment Notes which have scheduled repayments of principal on the dates specified in the applicable Prospectus Supplement. Each Certificateholder of each Trust will be entitled to receive a pro rata share of any distribution in respect of Scheduled Payments of principal and interest made on the Equipment Notes held in such Trust. Scheduled Payments of principal on the Equipment Notes held in each Trust will be set forth in the applicable Prospectus Supplement. After an early redemption or default in respect of some or all of such Equipment Notes, a Certificateholder should refer to the information with respect to the Pool Balance and the Pool Factor for such Trust reported periodically by the Trustee. See "Description of the Pass Through Certificates -- Pool Factors" and "Description of the Pass Through Certificates -- Statements to Certificateholders".

Payments of principal, premium, if any, and interest received by the Trustee on account of the early redemption, if any, of the Equipment Notes relating to one or more Aircraft held in a Trust, and payments received by the Trustee following a default in respect of the Equipment Notes relating to one or more Aircraft held in a Trust (including payments received by the Trustee on account of the sale of such Equipment Notes by the Trustee or payments received by the Trustee with respect to the Leased Aircraft Notes on account of the purchase of such Notes by the related Owner Trustee) ("Special Payments") will be distributed on the dates determined pursuant to the applicable Prospectus Supplement (a "Special Distribution Date"). The Trustee will mail notice to the Certificateholders of record of any Trust not less than 20 days prior to the Special Distribution Date on which any Special Payment is scheduled to be distributed by the Trustee stating such anticipated Special Distribution Date. (Section 4.02) Each distribution of a Special Payment, other than a final distribution, on a Special Distribution Date for any Trust will be made by the Trustee to the holders of record of the Pass Through Certificates of such Trust on the fifteenth day next preceding such Special Distribution Date. See "Description of the Equipment Notes -- Redemption" and "Description of the Pass Through Certificates -- Events of Default and Certain Rights Upon an Event of Default".

The Basic Agreement requires that the Trustee establish and maintain, for each Trust and for the benefit of the Certificateholders of such Trust, one or more non-interest bearing accounts (the "Certificate Account") for the deposit of payments representing Scheduled Payments on the Equipment Notes held in such Trust. The Basic Agreement also requires that the Trustee establish and maintain, for each Trust and for the benefit of the Certificateholders of such Trust, one or more non-interest bearing accounts (the "Special Payments Account") for the deposit of payments representing Special Payments. (Section 4.01)

Pursuant to the terms of the Basic Agreement, the Trustee is required to deposit any Scheduled Payments relating to the applicable Trust received by it in the Certificate Account of such Trust and to deposit any Special Payments so received by it in the Special Payments Account of such Trust. (Section 4.01) All amounts so deposited will be distributed by the Trustee on a Regular Distribution Date or a Special Distribution Date as appropriate. (Section 4.02)

At such time, if any, as the Pass Through Certificates of any Trust are issued in the form of Definitive Certificates and not to Cede, as nominee for DTC, distributions by the Trustees from the Certificate Account or the Special Payments Account of such Trust on a Regular Distribution Date or a Special Distribution Date will be made by check mailed to each Certificateholder of such Trust of record on the applicable record date at its address appearing on the register maintained with respect to such Trust. (Section 4.02) The final distribution for each Trust, however, will be made only upon presentation and surrender of the Pass Through Certificates for such Trust at the office or agency of the Trustee specified in the notice given by the Trustee of such final distribution. The Trustee will mail such notice of the final distribution to the Certificateholders of such Trust, specifying the date set for such final distribution and the amount of such distribution. (Section 11.01) See "Description of the Pass Through Certificates -- Termination of the Trusts".

If any Regular Distribution Date or Special Distribution Date is not a Business Day, distributions scheduled to be made on such Regular Distribution Date or Special Distribution Date may be made on the next succeeding Business Day without additional interest.

#### POOL FACTORS

Unless there has been a surrender of Pass Through Certificates or an early redemption or purchase, or a default, in respect of one or more issues of the Equipment Notes held in a Trust, as described in the applicable Prospectus Supplement or below in "Description of the Pass Through Certificates -- Events of Default and Certain Rights Upon an Event of Default", the Pool Factor for such Trusts will decline in proportion to the scheduled repayments of principal on the Equipment Notes held in such Trust as described in the applicable Prospectus Supplement. In the event of such surrender, redemption, purchase or default, the Pool Factor and the Pool Balance of each Trust so affected will be recomputed after giving effect thereto and notice thereof will be mailed to Certificateholders of such Trust. Each Trust will have a separate Pool Factor.

Unless otherwise described in the applicable Prospectus Supplement, the "Pool Balance" for each Trust indicates, as of any date, the aggregate unpaid principal amount of the Equipment Notes held in such Trust on such date plus any amounts in respect of principal on such Equipment Notes held by the Trustee and not yet distributed. The Pool Balance for each Trust as of any Regular Distribution Date or Special Distribution Date shall be computed after giving effect to the payment of principal, if any, on the Equipment Notes held in such Trust and distribution thereof to be made on that date.

Unless otherwise described in the applicable Prospectus Supplement, the "Pool Factor" for each Trust as of any Regular Distribution Date or Special Distribution Date is the quotient (rounded to the seventh decimal place) computed by dividing (i) the Pool Balance, by (ii) the aggregate original principal amount of the Equipment Notes held in such Trust. The Pool Factor for each Trust as of any Regular Distribution Date or Special Distribution Date shall be computed after giving effect to the payment of principal, if any, on the Equipment Notes held in such Trust and distribution thereof to be made on that date. The Pool Factor for each Trust will initially be 1.0000000; thereafter, the Pool Factor for each Trust will decline as described above to reflect reductions in the Pool Balance of such Trust. The amount of a Certificateholder's pro rata share of the Pool Balance of a Trust can be determined by multiplying the original denomination of the Certificateholder's Pass Through Certificate of such Trust by the Pool Factor for such Trust as of the applicable Regular Distribution Date or Special Distribution Date. The Pool Factor and the Pool Balance for each Trust will be mailed to Certificateholders of record of such Trust on each Regular Distribution Date and Special Distribution Date.

#### STATEMENTS TO CERTIFICATEHOLDERS

On each Regular Distribution Date and Special Distribution Date, the Trustee will include with each distribution of a Scheduled Payment or Special Payment to Certificateholders of record of the related Trust a statement, giving effect to such distribution to be made on such Regular Distribution Date or Special Distribution Date, setting forth the following information (per \$1,000 in aggregate principal amount of Pass Through Certificates for such Trust, as to (i) and (ii) below):

- (i) the amount of such distribution allocable to principal and the amount allocable to premium if any;
- (ii) the amount of such distribution allocable to interest; and
- (iii) the Pool Balance and the Pool Factor for such Trust.

So long as the Pass Through Certificates of any Trust are registered in the name of Cede, as nominee for DTC, on the Record Date prior to each Regular Distribution Date and Special Distribution Date, the Trustee will request from DTC a Securities Position Listing setting forth the names of all DTC Participants reflected on DTC's books as holding interests in the Pass Through Certificates of such Trust on such Record Date. On each Regular Distribution Date and Special Distribution Date, the Trustee will mail to each such DTC

Participant the statement described above, and will make available additional copies as requested by such DTC Participant, to be available for forwarding to Certificate Owners.

In addition, after the end of each calendar year, the Trustee will prepare for each Certificateholder of record of each Trust at any time during the preceding calendar year a report containing the sum of the amounts determined pursuant to clauses (i) and (ii) above with respect to the Trust for such calendar year or, in the event such person was a Certificateholder of record during a portion of such calendar year for the applicable portion of such calendar year, and such other items as are readily available to the Trustee and which a Certificateholder shall reasonably request as necessary for the purpose of such Certificateholder's preparation of its federal income tax returns. (Section 4.03) Such report and such other items shall be prepared on the basis of information supplied to the Trustee by the DTC Participants, and shall be delivered by the Trustee to such DTC Participants to be available for forwarding by such DTC Participants to Certificate Owners in the manner described above.

At such time, if any, as the Pass Through Certificates of a Trust are issued in the form of Definitive Certificates, the Trustee will prepare and deliver the information described above to each Certificateholder of record of such Trust as the name and period of record ownership of such Certificateholder appears on the records of the Registrar of the Pass Through Certificates.

#### VOTING OF EQUIPMENT NOTES

The Trustee, as holder of the Equipment Notes held in each Trust, has the right to vote and give consents and waivers in respect of such Equipment Notes under the related Indentures. The Basic Agreement sets forth the circumstances in which the Trustee shall direct any action or cast any vote as the holder of the Equipment Notes held in the applicable Trust at its own discretion and the circumstances in which the Trustee shall seek instructions from the Certificateholders of such Trust. Prior to an Event of Default (as defined below) with respect to any Trust, the principal amount of the Equipment Notes held in such Trust directing any action or being voted for or against any proposal shall be in proportion to the principal amount of Pass Through Certificates held by the Certificateholders of such Trust taking the corresponding position. (Sections 6.01 and 10.01)

#### EVENTS OF DEFAULT AND CERTAIN RIGHTS UPON AN EVENT OF DEFAULT

The Basic Agreement defines an event of default with respect to a Trust (an "Event of Default") as the occurrence and continuance of an event of default under one or more of the related Indentures (an "Indenture Default"). The Indenture Defaults under an Indenture will be described in the applicable Prospectus Supplement and in the case of Leased Aircraft Notes, will include events of default under the related Lease. Since the Equipment Notes issued under an Indenture may be held in more than one Trust, a continuing Indenture Default under such Indenture would result in an Event of Default with respect to each such Trust. There will be, however, no cross-default provisions in the Indentures and events resulting in an Indenture Default under any particular Indenture will not necessarily result in an Indenture Default occurring under any other Indenture. If an Indenture Default occurs in fewer than all of the Indentures related to a Trust, the Equipment Notes issued pursuant to the related Indentures with respect to which an Indenture Default has not occurred will continue to be held in such Trust and payments of principal and interest on such Equipment Notes will continue to be distributed to the holders of the Pass Through Certificates of such Trust as originally scheduled.

In the case of Leased Aircraft, the Owner Trustee and the Owner Participant under each Indenture each will have the right under certain circumstances to cure an Indenture Default that results from the occurrence of a Lease Event of Default under the related Lease. If the Owner Trustee or the Owner Participant chooses to exercise such cure right, the Indenture Default and consequently the Event of Default with respect to the related Trust or Trusts will be deemed to be cured.

The Basic Agreement provides that, as long as an Indenture Default under any Indenture relating to Equipment Notes held in a Trust shall have occurred and be continuing, the Trustee of such Trust may vote all of the Equipment Notes issued under such Indenture that are held in such Trust, and upon the direction of

the holders of Pass Through Certificates evidencing fractional undivided interests aggregating not less than a majority in interest of such Trust shall vote not less than a corresponding majority of such Equipment Notes in favor of directing the related Loan Trustee to declare the unpaid principal amount of all Equipment Notes issued under such Indenture and any accrued and unpaid interest thereon to be due and payable. The Basic Agreement also provides that, if an Indenture Default under any Indenture relating to Equipment Notes held in a Trust shall have occurred and be continuing, the Trustee of such Trust may, and upon the direction of the holders of Pass Through Certificates evidencing fractional undivided interests aggregating not less than a majority in interest of such Trust shall, vote all of the Equipment Notes issued under such Indenture that are held in such Trust in favor of directing the related Loan Trustee as to the time, method and place of conducting any proceeding for any remedy available to such Loan Trustee or of exercising any trust or power conferred on such Loan Trustee under such Indenture. (Sections 6.01 and 6.04)

The ability of the holders of the Pass Through Certificates issued with respect to any one Trust to cause the Loan Trustee with respect to any Equipment Notes held in such Trust to accelerate the payment on such Equipment Notes under the related Indenture or to direct the exercise of remedies by such Loan Trustee under the related Indenture will depend, in part, upon the proportion between the aggregate principal amount of the Equipment Notes outstanding under such Indenture and held in such Trust and the aggregate principal amount of all Equipment Notes outstanding under such Indenture. Each Trust will hold Equipment Notes with different terms from those of the Equipment Notes held in the other Trusts and therefore the Certificateholders of a Trust may have divergent or conflicting interests from those of the Certificateholders of the other Trusts holding Equipment Notes relating to the same Aircraft. In addition, so long as the same institution acts as Trustee of each Trust, in the absence of instructions from the Certificateholders of any such Trust, the Trustee for such Trust could for the same reason be faced with a potential conflict of interest upon an Indenture Default.

As an additional remedy, if an Indenture Default under an Indenture shall have occurred and be continuing, the Basic Agreement provides that the Trustee of a Trust holding Equipment Notes issued under such Indenture may, and upon the direction of the holders of Pass Through Certificates evidencing fractional undivided interests aggregating not less than a majority in interest of such Trust shall, sell all or part of such Equipment Notes for cash to any person. (Sections 6.01 and 6.02) Any proceeds received by the Trustee upon any such sale shall be deposited in the Special Payments Account for such Trust and shall be distributed to the Certificateholders of such Trust on a Special Distribution Date. (Sections 4.01 and 4.02) The market for Equipment Notes in default may be very limited and there can be no assurance that they could be sold for a reasonable price. Furthermore, so long as the same institution acts as Trustee of each Trust, it may be faced with a conflict in deciding from which Trust to sell Equipment Notes to available buyers. If the Trustee sells any such Equipment Notes with respect to which an Indenture Default exists for less than their outstanding principal amount, the Certificateholders of such Trust will receive a smaller amount of principal distributions than anticipated and will not have any claim for the shortfall against American, the related Owner Trustee in the case of any Leased Aircraft or the Trustee. Neither the Trustee nor the Certificateholders of such Trust, furthermore, could take any action with respect to any remaining Equipment Notes held in such Trust so long as no Indenture Defaults existed with respect thereto.

Any amount distributed to the Trustee of any Trust by the Loan Trustee under any Indenture on account of the Equipment Notes held in such Trust following an Indenture Default under such Indenture shall be deposited in the Special Payments Account for such Trust and shall be distributed to the Certificateholders of such Trust on a Special Distribution Date. In addition, if, following an Indenture Default under any Indenture relating to Leased Aircraft, the related Owner Trustee exercises its option, if any, to redeem or purchase the outstanding Leased Aircraft Notes issued under such Indenture as described in the related Prospectus Supplement, the price paid by such Owner Trustee to the Trustee of any Trust for the Leased Aircraft Notes issued under such Indenture and held in such Trust shall be deposited in the Special Payments Account for such Trust and shall be distributed to the Certificateholders of such Trust on a Special Distribution Date. (Sections 4.01 and 4.02)

Any funds representing payments received with respect to any Equipment Notes held in a Trust in default, or the proceeds from the sale by the Trustee of any such Equipment Notes, held by the Trustee in the

Special Payments Account for such Trust shall, to the extent practicable, be invested and reinvested by the Trustee in Permitted Investments pending the distribution of such funds on a Special Distribution Date. Permitted Investments are defined as being obligations of the United States maturing in not more than 60 days or such lesser time as is required for the distribution of any such funds on a Special Distribution Date. (Sections 1.01 and 4.04)

The Basic Agreement provides that the Trustee of each Trust shall, within 90 days after the occurrence of a default (as defined below) in respect of such Trust, give to the Certificateholders of such Trust notice, transmitted by mail, of all uncured or unwaived defaults with respect to such Trust known to it: provided that, except in the case of default in the payment of principal of, premium, if any, or interest on any of the Equipment Notes held in such Trust, the Trustee shall be protected in withholding such notice if it in good faith determines that the withholding of such notice is in the interests of such Certificateholders. The term "default", for the purpose of the provision described in this paragraph only, shall mean the occurrence of any Event of Default with respect to a Trust as specified above, except that in determining whether any such Event of Default has occurred any grace period or notice in connection therewith shall be disregarded. (Section 7.01)

The Basic Agreement contains a provision entitling the Trustee of each Trust, subject to the duty of the Trustee during a default to act with the required standard of care, to be indemnified by the holders of the Pass Through Certificates of such Trust before proceeding to exercise any right or power under such Agreement at the request of such Certificateholders. (Section 7.02)

In certain cases, the holders of Pass Through Certificates of a Trust evidencing fractional undivided interests aggregating not less than a majority in interest of such Trust may on behalf of the holders of all Pass Through Certificates of such Trust waive any past default or Event of Default with respect to such Trust and thereby annul any direction given by such holders to the related Loan Trustee with respect thereto, except (i) a default in payment of the principal of, premium, if any, or interest on any of the Equipment Notes held in such Trust and (ii) a default in respect of any covenant or provision of the Basic Agreement or the related Trust Supplement that cannot be modified or amended without the consent of each Certificateholder of such Trust affected thereby. (Section 6.05) Each Indenture will provide that, with certain exceptions, the holders of a majority in aggregate unpaid principal amount of the Equipment Notes issued thereunder may on behalf of all such holders waive any past default or Indenture Default thereunder. In the event of a waiver with respect to a Trust as described above, the principal amount of the Equipment Notes issued under the related Indenture held in such Trust shall be counted as waived in the determination of the majority in aggregate unpaid principal amount of Equipment Notes required to waive a default or an Indenture Default under such Indenture. Therefore, if the Certificateholders of a Trust or Trusts waive a past default or Event of Default such that the principal amount of the Equipment Notes held either individually in such Trust or in the aggregate in such Trusts constitutes the required majority in aggregate unpaid principal amount under the applicable Indenture, such past default or Indenture Default under such Indenture shall be waived. For a discussion of waivers of Indenture Defaults under the Indentures, see "Description of the Equipment Notes -- Indenture Defaults and Remedies".

#### MODIFICATIONS OF THE AGREEMENTS

The Basic Agreement contains provisions permitting American and the Trustee of each Trust to enter into a supplemental agreement, without the consent of the holders of any of the Pass Through Certificates of such Trust, (i) to evidence the succession of another corporation to American and the assumption by such corporation of American's obligations under the Basic Agreement and the applicable Trust Supplement, (ii) to add to the covenants of American for the benefit of the holders of such Pass Through Certificates, (iii) to correct or supplement any defective or inconsistent provision of such Basic Agreement, the applicable Trust Supplement or any supplemental trust agreement, or to make any other provisions with respect to matters or questions arising thereunder, provided such action shall not adversely affect the interest of the holders of such Pass Through Certificates, (iv) to cure any ambiguity or correct any mistake, (v) to evidence and provide for a successor Trustee for some or all of the Trusts, or (vi) to make any other amendments or modifications

which shall only apply to Pass Through Certificates of one or more series to be issued thereafter. (Section 9.01)

The Basic Agreement also contains provisions permitting American and the Trustee of each Trust, with the consent of the Certificateholders of such Trust evidencing fractional undivided interests aggregating not less than a majority in interest of such Trust, and, in the case of Leased Aircraft, with the consent of the Owner Trustees (such consent not to be unreasonably withheld), to execute supplemental agreements adding any provisions to or changing or eliminating any of the provisions of the Basic Agreement, to the extent relating to such Trust, and the applicable Trust Supplement, or modifying the rights of such Certificateholders, except that no such supplemental trust agreement may, without the consent of the holder of each such Pass Through Certificate so affected, (a) reduce in any manner the amount of, or delay the timing of, any receipt by the Trustee of payments on the Equipment Notes held in such Trust, or distributions in respect of any Pass Through Certificate of such Trust, or make distributions payable in coin or currency other than that provided for in such Pass Through Certificates, or impair the right of any Certificateholder of such Trust to institute suit for the enforcement of any such payment when due, (b) permit the disposition of any Equipment Note held in such Trust, except as provided in the Basic Agreement or the applicable Trust Supplement, or (c) reduce the percentage of the aggregate fractional undivided interests of the Trust provided for in the Basic Agreement or the applicable Trust Supplement, the consent of the holders of which is required for any such supplemental trust agreement or for any waiver provided for in the Basic Agreement or such Trust Supplement. (Section 9.02)

#### MODIFICATION AND CONSENTS AND WAIVERS UNDER THE INDENTURE AND RELATED AGREEMENTS

In the event that the Trustee, as the holder of any Equipment Notes held in a Trust, receives a request for its consent to any amendment, modification or waiver under the Indenture, Lease, if any, or other document relating to such Equipment Notes, the Trustee shall mail a notice of such proposed amendment, modification or waiver to each Certificateholder of such Trust as of the date of such notice. The Trustee shall request instructions from the Certificateholders of such Trust as to whether or not to consent to such amendment, modification or waiver. The Trustee shall vote or consent with respect to such Equipment Notes in such Trust in the same proportion as the Pass Through Certificates of such Trust were actually voted by the holders thereof by a certain date. Notwithstanding the foregoing, if an Event of Default in respect of such Trust shall have occurred and be continuing, the Trustee may in its own discretion consent to such amendment, modification or waiver, and may so notify the Loan Trustee to which such consent relates. (Section 10.01)

#### TERMINATION OF THE TRUSTS

The obligations of American and the Trustee with respect to a Trust will terminate upon the distribution to Certificateholders of such Trust of all amounts required to be distributed to them pursuant to the Basic Agreement and the applicable Trust Supplement and the disposition of all property held in such Trust. The Trustee will mail to each Certificateholder of record of such Trust notice of the termination of such Trust, the amount of the proposed final payment and the proposed date for the distribution of such final payment for such Trust. The final distribution to any Certificateholder of such Trust will be made only upon surrender of such Certificateholder's Pass Through Certificates at the office or agency of the Trustee specified in such notice of termination. (Section 11.01)

#### DELAYED PURCHASE

In the event that, on the delivery date of any Pass Through Certificates, all of the proceeds from the sale of such Pass Through Certificates are not used to purchase the Equipment Notes contemplated to be held in the related Trust, such Equipment Notes may be purchased by the Trustee at any time on or prior to the date specified in the applicable Prospectus Supplement. In such event, the Trustee will hold the proceeds from the sale of such Pass Through Certificates not used to purchase Equipment Notes in an escrow account pending the purchase of the Equipment Notes not so purchased. Such proceeds will be invested in Specified Investments at the direction and risk of, and for the account of, American. Earnings on Specified Investments in the escrow account for each Trust will be paid to American periodically, and American will be responsible for any losses. (Section 2.02(b))



On the Regular Distribution Date occurring on the date specified in the applicable Prospectus Supplement, American will pay to the Trustee an amount equal to the interest that would have accrued on any Equipment Notes purchased after the date of the issuance of such Pass Through Certificates from the date of the issuance of such Pass Through Certificates to, but excluding, the date of the purchase of such Equipment Notes by the Trustee. (Section 2.02(b))

#### SPECIAL DISTRIBUTION UPON UNAVAILABILITY OF AIRCRAFT

To the extent, due to a casualty to, or other event causing the unavailability of, one or more Aircraft, that the full amount of the proceeds from the sale of any Pass Through Certificates held in the escrow account referred to above is not used to purchase Equipment Notes on or prior to the date specified in the applicable Prospectus Supplement, an amount equal to the unused proceeds will be distributed by the Trustee to the holders of record of such Pass Through Certificates on a pro rata basis upon not less than 20 days prior notice to them as a Special Distribution on the date specified in the applicable Prospectus Supplement or on an earlier Special Distribution Date together with interest thereon at a rate equal to the rate applicable to such Pass Through Certificates, but without premium, and American will pay to the Trustee on such date an amount equal to such interest. (Section 2.02(b))

#### MERGER, CONSOLIDATION AND TRANSFER OF ASSETS

American will be prohibited from consolidating with or merging into any other corporation or transferring substantially all of its assets as an entirety to any other corporation unless, in the case of a merger or consolidation where American is not the surviving corporation or in the case of the transfer of substantially all of American's assets, the successor or transferee corporation shall be a corporation organized and existing under the laws of the United States or any State or the District of Columbia and shall expressly assume all the obligations of American contained in the Basic Agreement. (Section 5.02(a))

#### THE TRUSTEE

State Street Bank and Trust Company of Connecticut, National Association will be the Trustee for each of the Trusts. The Trustee and any of its affiliates may hold Pass Through Certificates in their own names. (Section 7.04) With certain exceptions, the Trustee makes no representations as to the validity or sufficiency of the Basic Agreement, the Trust Supplements, the Pass Through Certificates, the Equipment Notes, the Indentures, the Leases, if any, or other related documents. (Section 7.03) Unless otherwise specified in a Prospectus Supplement State Street Bank and Trust Company of Connecticut, National Association will also be the Loan Trustee of the Indentures under which the Equipment Notes are issued. It also serves as indenture trustee and as pass through trustee in numerous other aircraft financing transactions involving American.

The Trustee may resign with respect to any or all of the Trusts at any time, in which event American will be obligated to appoint a successor trustee. If the Trustee ceases to be eligible to continue as Trustee with respect to a Trust or becomes incapable of acting as Trustee or becomes insolvent, American may remove such Trustee, or any holder of Pass Through Certificates of such Trust for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of such Trustee and the appointment of a successor trustee. Any resignation or removal of the Trustee with respect to a Trust and appointment of the successor trustee for such Trust does not become effective until acceptance of the appointment by the successor trustee. (Section 7.08) Pursuant to such resignation and successor trustee provisions, it is possible that a different trustee could be appointed to act as the successor trustee with respect to each Trust. All references in this Prospectus to the Trustee are to the trustee acting in such capacity under each of the Trusts and should be read to take into account the possibility that each of the Trusts could have a different successor trustee in the event of such a resignation or removal.

The Basic Agreement provides that American will pay the Trustee's fees and expenses. The Basic Agreement further provides that the Trustee will be entitled to indemnification by American for, and will be held harmless against, any loss, liability or expenses incurred by the Trustee (other than through its own wilful misconduct, bad faith or negligence or by reason of a breach of any of its representations or warranties set

forth in the Basic Agreement or the applicable Trust Supplement or related documents), except to the extent that such loss, liability or expense is for or with respect to taxes, in which case the Trustee may be entitled to be reimbursed by the applicable Trust. (Section 7.06)

#### DESCRIPTION OF THE EQUIPMENT NOTES

The statements under this caption are summaries and do not purport to be complete. Except as otherwise indicated below or as described in the applicable Prospectus Supplement, the following summaries will apply to the Equipment Notes, the Indenture, the Lease, if any, and the Note Purchase Agreement relating to each Aircraft. Additional provisions with respect to the Equipment Notes, the Indentures, the Leases, if any, and the Note Purchase Agreements relating to any particular offering of Pass Through Certificates will be described in the applicable Prospectus Supplement.

#### GENERAL

Each Equipment Note issued under the same Indenture will relate to a single Aircraft. The Equipment Notes with respect to each Aircraft will be issued under a separate Indenture between the related Loan Trustee and American (in the case of Owned Aircraft Notes) or the related Loan Trustee and the Owner Trustee (in the case of Leased Aircraft Notes) of a trust for the benefit of the Owner Participant who is the beneficial owner of such Leased Aircraft.

American's obligations under each Indenture relating to an Owned Aircraft and under the related Owned Aircraft Notes will be direct obligations of American. The Leased Aircraft Notes will be nonrecourse obligations of the Owner Trustee. They will not be direct obligations of, or guaranteed by, American. However, American is obligated to make or cause to be made rental and other payments to the related Owner Trustee under the Lease of the related Leased Aircraft in amounts that will be at least sufficient to pay when due all payments required to be made on the Leased Aircraft Notes issued with respect to such Leased Aircraft. American's rental obligations under each Lease will be general obligations of American.

If specified in a Prospectus Supplement, American will have (a) the right to arrange a sale leaseback of one or more Owned Aircraft referred to in such Prospectus Supplement and the assumption of the related Owned Aircraft Notes by an Owner Trustee or (b) the right to substitute other aircraft or U.S. government securities or a combination thereof in place of the Owned Aircraft securing the related Owned Aircraft Notes. The terms and conditions of any such sale leaseback or substitution will be described in the applicable Prospectus Supplement.

#### PRINCIPAL AND INTEREST PAYMENTS

Interest paid on the Equipment Notes held in each Trust will be passed through to the Certificateholders of such Trust on the dates and at the rate per annum set forth in the applicable Prospectus Supplement until the final distribution date for such Trust. Principal paid on the Equipment Notes held in each Trust will be passed through to the Certificateholders of such Trust in scheduled amounts on the dates set forth in the applicable Prospectus Supplement until the final distribution date for such Trust.

If any date scheduled for any payment of principal of, premium, if any, or interest on the Equipment Notes is not a Business Day, such payment may be made on the next succeeding Business Day without any additional interest.

#### REDEMPTION

The applicable Prospectus Supplement will describe the circumstances, whether voluntary or involuntary, under which the related Equipment Notes will be redeemed or purchased, the premium (if any) related to certain redemptions or purchases and other terms applying to redemptions or purchases of such Equipment Notes.

## SECURITY

The Owned Aircraft Notes will be secured by a mortgage from American to the Loan Trustee of the related Owned Aircraft and an assignment by American to such Loan Trustee of certain of American's rights under the purchase agreement between American and the related manufacturer. The Leased Aircraft Notes will be secured by (i) an assignment by the related Owner Trustee to the related Loan Trustee of such Owner Trustee's rights (except for certain limited rights described below) under the Lease with respect to the related Leased Aircraft, including the right to receive payments of rent thereunder, (ii) a mortgage to such Loan Trustee of such Aircraft, subject to the rights of American under such Lease, and (iii) an assignment to such Loan Trustee of certain of such Owner Trustee's rights under the purchase agreement between American and the related manufacturer. Unless and until an Indenture Default with respect to a Leased Aircraft has occurred and is continuing, the Loan Trustee may not exercise the rights of the Owner Trustee under the related Lease, except the right to receive payments of rent due thereunder. The assignment by the Owner Trustee to the Loan Trustee of its rights under the related Lease will exclude rights of such Owner Trustee and the related Owner Participant relating to indemnification by American for certain matters, insurance proceeds payable to such Owner Trustee in its individual capacity and to such Owner Participant under liability insurance maintained by American under such Lease or by such Owner Trustee or such Owner Participant, insurance proceeds payable to such Owner Trustee in its individual capacity or to such Owner Participant under certain casualty insurance maintained by such Owner Trustee or such Owner Participant under such Lease and certain reimbursement payments made by American to such Owner Trustee.

The Equipment Notes will not be cross-collateralized and consequently the Equipment Notes issued in respect of any one Aircraft will not be secured by any of the other Aircraft (or any of the other security related thereto). American will be required, except under certain circumstances, to keep each Aircraft registered under the Aviation Act and to record, or maintain the recordation of, the Indenture and the Lease, if any, among other documents, with respect to each Aircraft under the Aviation Act. Such recordation of the Indenture, the Lease, if any, and other documents with respect to each Aircraft will give the related Loan Trustee a first priority perfected security interest in the related Aircraft whenever it is located in the United States or any of its territories and possessions and, with certain limited exceptions, in those jurisdictions that have ratified or adhered to the Convention on the International Recognition of Rights in Aircraft (the "Convention"). Although American has no current intention to do so, American will have the right, subject to certain conditions, at its own expense to register each Aircraft in countries other than the United States. Prior to any such change in the jurisdiction of registry, the related Loan Trustee shall have received an opinion of American's counsel that, among other things, confirms the perfected status of the lien of the related Indenture subject, in certain cases, to certain filings, recordations or other actions and in the case of Leased Aircraft confirms the validity and enforceability of the related Lease in such jurisdiction. Each Aircraft may also be operated by American or under lease or sublease or interchange arrangements in countries that are not parties to the Convention. The extent to which the related Loan Trustee's security interest would be recognized in an Aircraft located in a country that is not a party to the Convention, and the extent to which such security interest would be recognized in a jurisdiction adhering to the Convention if the Aircraft is registered in a jurisdiction not a party to the Convention, is uncertain. Moreover, in the case of an Indenture Default, the ability of the related Loan Trustee to realize upon its security interest in an Aircraft could be adversely affected as a legal or practical matter if such Aircraft were registered or located outside the United States.

Funds, if any, held from time to time by the Loan Trustee with respect to any Aircraft, including funds held as the result of an Event of Loss to such Aircraft or termination of the Lease, if any, relating thereto, will be invested and reinvested by such Loan Trustee, at the direction of American (except in the case of certain Events of Default), in investments described in the related Indenture. American will pay the amount of any loss resulting from any such investment directed by it.

## LIMITATION OF LIABILITY

The Owned Aircraft Notes will be direct obligations of American. The Leased Aircraft Notes will not be direct obligations of, or guaranteed by, American or the Owner Trustees. None of the Owner Trustees, the Owner Participants or the Loan Trustees, or any affiliates thereof, shall be personally liable to any holder of a

Leased Aircraft Note or, in the case of the Owner Trustees and the Owner Participants, to the Loan Trustees for any amounts payable under the Leased Aircraft Notes or, except as provided in each Indenture, for any liability under such Indenture. All payments of principal of, premium, if any, and interest on the Equipment Notes issued with respect to any Aircraft (other than payments made in connection with an optional redemption or purchase of Leased Aircraft Notes by the related Owner Trustee or the related Owner Participant) will be made only from the assets subject to the lien of the Indenture with respect to such Aircraft or the income and proceeds received by the related Loan Trustee therefrom (including, in the case of a Leased Aircraft, rent payable by American under the Lease with respect to such Leased Aircraft).

Except as otherwise provided in the Indentures, each Owner Trustee in its individual capacity shall not be answerable or accountable under the Indentures or under the Leased Aircraft Notes under any circumstances except for its own willful misconduct or gross negligence. None of the Owner Participants will have any duty or responsibility under any of the Indentures or the Leased Aircraft Notes to the Loan Trustees or to any holder of any Leased Aircraft Note.

#### INDENTURE DEFAULTS AND REMEDIES

The applicable Prospectus Supplement will describe the Indenture Defaults under the related Indentures, the remedies that the Loan Trustee may exercise with respect to the related Aircraft, either at its own initiative or upon instruction from holders of the related Equipment Notes, and other provisions relating to the occurrence of an Indenture Default and the exercise of remedies. There will be no cross-default provisions in the Indentures and events resulting in an Indenture Default under any particular Indenture will not necessarily result in an Indenture Default under any other Indenture.

#### LEASED AIRCRAFT LEASES

Each Leased Aircraft will be leased separately by the related Owner Trustee to American pursuant to a "net lease" for a term commencing on the delivery date thereof to such Owner Trustee and expiring on a date not earlier than the latest maturity date of the Leased Aircraft Notes issued with respect to such Leased Aircraft unless previously terminated as permitted by the related Lease. The basic rent payments by American under each Lease will be payable on the dates specified in the applicable Prospectus Supplement, and will be assigned by the Owner Trustee under the related Indenture to provide the funds necessary to make payments of principal and interest due from such Owner Trustee on the Leased Aircraft Notes issued under such Indenture. Although in certain cases the basic rent payments under the Leases may be adjusted, under no circumstances will rent payments that American will be unconditionally obligated to make or cause to be made under any Lease be less than the scheduled payments of principal and interest on the Leased Aircraft Notes issued under the Indenture relating to such Lease. The balance of any basic rent payments under each Lease, after payment of the scheduled principal and interest on the Leased Aircraft Notes issued under the Indenture relating to such Lease, will be paid over to the related Owner Trustee. American's obligation to pay rent and to cause other payments to be made under each Lease will be a general obligation of American. The applicable Prospectus Supplement will describe the Lease Events of Default under the related Leases, the remedies that the Owner Trustee may exercise with respect to the related Leased Aircraft, and other provisions relating to the occurrence of a Lease Event of Default and the exercise of remedies.

#### COVENANTS RELATING TO AIRCRAFT

Pursuant to the applicable Indenture or Lease, American will be obligated, at its expense, to cause each Aircraft to be duly registered, to pay all costs of operating each Aircraft and to maintain, service and repair each Aircraft so as to keep each Aircraft in as good operating condition as when delivered to American, ordinary wear and tear excepted, and in such condition as may be necessary to enable the airworthiness certification thereof to be maintained in good standing at all times (other than during temporary periods of storage or grounding) under the Aviation Act or, in certain cases, if an Aircraft is registered under laws of certain other jurisdictions, the laws of the applicable jurisdiction. American will be obligated, at its expense, to replace all parts (other than severable parts added at the option of American and obsolete or unsuitable parts that American is permitted to remove to the extent described below) that may from time to time be

incorporated or installed in or attached to any Aircraft and that may become worn out, lost, stolen, destroyed, seized, confiscated, damaged beyond repair or rendered permanently unfit for use. American will have the right to make alterations and modifications in and additions to (including removal of parts from) each Aircraft as American deems desirable, provided that no such alteration, modification, addition or removal shall materially diminish the value or utility of such Aircraft or impair the airworthiness thereof. Notwithstanding the foregoing, the value (but not the utility, condition or airworthiness) of any Aircraft may be reduced by the value of parts that American deems obsolete or no longer suitable or appropriate; provided that the aggregate value of all such parts removed from any Aircraft and not replaced shall not exceed an amount specified in the applicable Lease or Indenture.

#### THE NOTE PURCHASE AGREEMENTS

American will be required to indemnify each Loan Trustee and, in the case of Leased Aircraft, each Owner Participant and Owner Trustee for certain losses, claims and other matters. In the case of Leased Aircraft, American will be required under certain circumstances to indemnify each Owner Participant against the loss of depreciation deductions and certain other benefits allowable for certain income tax purposes with respect to the related Leased Aircraft. Each Owner Participant will be required to indemnify the related Loan Trustee and the holders of the Leased Aircraft Notes issued with respect to the Leased Aircraft in which such Owner Participant has an interest for certain losses that may be suffered as a result of the failure of such Owner Participant to discharge certain liens or claims on or against the assets subject to the lien of the related Indenture. Subject to certain restrictions, each Owner Participant may transfer its interest in the related Leased Aircraft.

#### FEDERAL INCOME TAX CONSEQUENCES

The following is a general discussion by American of the anticipated material federal income tax consequences of the purchase, ownership and disposition of Pass Through Certificates and should be read in conjunction with any additional discussion of federal income tax consequences included in the applicable Prospectus Supplement. The discussion is based on laws, regulations, rulings and decisions in effect as of the date hereof, all of which are subject to change or different interpretation. The discussion does not purport to address federal income tax consequences applicable to particular categories of investors, some of which (for example, insurance companies and foreign investors) may be subject to special rules. The statements of law and legal conclusion set forth herein are based upon the opinion of Debevoise & Plimpton, counsel to American. Investors should consult their own tax advisors in determining the federal, state, local and any other tax consequences to them of the purchase, ownership and disposition of Pass Through Certificates, including the advisability of making any election discussed below. The Trusts are not indemnified for any federal income taxes that may be imposed upon them, and the imposition of any such taxes on a Trust could result in a reduction in the amounts available for distribution to the Certificate Owners of such Trust.

#### GENERAL

Based upon an interpretation of analogous authorities under currently applicable law, the Trusts should not be classified as associations taxable as corporations, but, rather, each should be classified as a grantor trust under subpart E, Part I of Subchapter J of the Internal Revenue Code of 1986, as amended (the "Code"), and each Certificate Owner should be treated as the owner of a pro rata undivided interest in each of the Equipment Notes and any other property held in the related Trust.

Each Certificate Owner should be required to report on its federal income tax return its pro rata share of the entire income from each of the Equipment Notes and any other property held in the related Trust, in accordance with such Certificate Owner's method of accounting. A Certificate Owner using the cash method of accounting must take into account its pro rata share of income as and when received by the Trustee. A Certificate Owner using an accrual method of accounting must take into account its pro rata share of income as it accrues or is received by the Trustee, whichever is earlier.

A purchaser of a Pass Through Certificate should be treated as purchasing an interest in each Equipment Note and any other property in the related Trust at a price determined by allocating the purchase price paid for the Pass Through Certificate among such Equipment Notes and other property in proportion to their fair market values at the time of purchase of the Pass Through Certificate. Unless otherwise indicated in a Prospectus Supplement, American anticipates that when all the Equipment Notes have been acquired by the related Trust the purchase price paid for a Pass Through Certificate of such Trust by an original purchaser of such Pass Through Certificate should be allocated among the Equipment Notes held in such Trust in proportion to their respective principal amounts.

#### SALES OF PASS THROUGH CERTIFICATES

A Certificate Owner that sells a Pass Through Certificate should recognize gain or loss (in the aggregate) equal to the difference between its adjusted tax basis in the Pass Through Certificate and the amount realized on the sale (except to the extent attributable to accrued interest, which should be taxable as interest income). Subject to the market discount provisions of the Code (described below), any such gain or loss will be capital gain or loss if the Pass Through Certificate was held as a capital asset and will be long-term capital gain or loss if the Pass Through Certificate was held for more than one year. Net capital gains of individuals are, under certain circumstances, taxed at lower rates than items of ordinary income.

#### MARKET DISCOUNT

A Certificate Owner should be considered to have acquired an interest in an Equipment Note at a "market discount" to the extent the remaining principal amount of the Equipment Note allocable to such Certificate Owner's Pass Through Certificate exceeds such Certificate Owner's tax basis allocable to such Equipment Note, unless the excess does not exceed a prescribed de minimis amount. In the event such excess exceeds the de minimis amount, the Certificate Owner should be subject to the market discount rules of sections 1276 to 1278 of the Code with regard to its interest in the Equipment Note.

In the case of a sale or certain other dispositions of indebtedness subject to the market discount rules, section 1276 of the Code requires that gain, if any, from such sale or disposition be treated as ordinary income to the extent such gain represents market discount that has accrued during the period in which such indebtedness was held.

In the case of a partial principal payment on indebtedness subject to the market discount rules, section 1276 of the Code requires that such payment be included in gross income as ordinary income to the extent such payment does not exceed the market discount that has accrued during the period such indebtedness was held. The amount of any accrued market discount later required to be included in gross income as ordinary income upon a sale or disposition or subsequent partial principal payment will be reduced by the amount of accrued market discount previously so included.

Generally, market discount accrues under a straight line method, or, at the election of the taxpayer, a constant interest method. However, in the case of Equipment Notes that constitute installment obligations, the manner in which market discount is to be accrued has been left to Treasury regulations not yet issued. Until such Treasury regulations are issued, the explanatory Conference Committee Report to the Tax Reform Act of 1986 (the "Conference Report") indicates that holders of installment obligations with market discount may elect to accrue market discount either on the basis of a constant interest rate or as follows: the amount of market discount that is deemed to accrue is the amount of market discount that bears the same ratio to the total amount of remaining market discount that the amount of stated interest paid in the accrual period bears to the total amount of stated interest remaining to be paid on the installment obligation as of the beginning of such period.

Under section 1277 of the Code, if in any taxable year interest paid or accrued on indebtedness incurred or continued to purchase or carry indebtedness subject to the market discount rules exceeds the interest currently includible in income with respect to such indebtedness, deduction of the excess interest must be deferred to the extent of the market discount allocable to the taxable year. The deferred portion of any interest

expense will generally be deductible when such market discount is included in income upon the sale or other disposition (including repayment) of the indebtedness.

Section 1278 of the Code allows a taxpayer to make an election to include market discount in his gross income currently. If such election is made, the rules of sections 1276 and 1277 (described above) will not apply to the taxpayer.

#### PREMIUM

A Certificate Owner should generally be considered to have acquired an interest in an Equipment Note at a premium to the extent such Certificate Owner's tax basis allocable to such Equipment Note exceeds the remaining principal amount of the Equipment Note allocable to such Certificate Owner's Pass Through Certificate. In that event, a Certificate Owner that holds such Pass Through Certificate as a capital asset may elect to amortize such premium as an offset to interest income under section 171 of the Code with corresponding reductions in such Certificate Owner's tax basis in such Equipment Note. Generally, such amortization is on a constant yield basis. However, in the case of installment obligations (such as certain or all of the Equipment Notes), the Conference Report indicates a Congressional intent that amortization will be in accordance with the same rules that will apply to the accrual of market discount on installment obligations. See "Federal Income Tax Consequences -- Market Discount".

If Equipment Notes may be called at a premium prior to maturity, amortizable premium may be determined by reference to an early call date. Due to the complexities of the amortizable premium rules, particularly where there is more than one possible call date and the amount of any premium is uncertain, Certificate Owners are urged to consult their own tax advisors as to the amount of any such amortizable premium.

#### ORIGINAL ISSUE DISCOUNT

It is anticipated that, subject to the proposed aggregation rules discussed below, the Equipment Notes will not be issued with original issue discount. Proposed Treasury regulations (the "Proposed Regulations") have been issued which contain certain aggregation rules which could be interpreted to require that where one investor purchases Pass Through Certificates issued by more than one Trust certain of that investor's interests in the Equipment Notes in those Trusts must be treated together as a single debt instrument, which, for purposes of calculating and amortizing any original issue discount, has a single issue price, maturity date, stated redemption price at maturity, and yield to maturity. If the Proposed Regulations were applicable in this way, such Equipment Notes could be treated with respect to such investor as having been issued with original issue discount. Generally, a holder of a debt instrument issued with original issue discount that is not de minimis must include such original issue discount in income for federal income tax purposes as it accrues, in advance of the receipt of the cash attributable to such income, under a method that takes into account the compounding of interest. Certificate Owners are urged to consult their own tax advisors regarding the application of the proposed aggregation rules.

#### BACKUP WITHHOLDING

Payments made on Pass Through Certificates, and proceeds from the sale of Pass Through Certificates to or through certain brokers, may be subject to a "backup" withholding tax of 20% unless a Certificate Owner complies with certain reporting procedures or is an exempt recipient under section 6049(b)(4) of the Code. Any such withheld amounts will be allowed as a credit against the Certificate Owner's federal income tax.

## CERTAIN CONNECTICUT TAXES

The Trustee is a national banking association with its corporate trust office in Connecticut. Day, Berry & Howard, counsel to the Trustee, has advised American that, in its opinion, under currently applicable law, assuming that each Trust will not be taxable as a corporation for federal income tax purposes, but, rather, will be classified as a grantor trust under subpart E, Part I of Subchapter J of the Code, (i) the Trusts will not be subject to any tax (including, without limitation, net or gross income, tangible or intangible property, net worth, capital, franchise or doing business tax), fee or other governmental charge under the laws of the State of Connecticut or any political subdivision thereof and (ii) Certificate Owners that are not residents of or otherwise subject to tax in Connecticut will not be subject to any tax (including, without limitation, net or gross income, tangible or intangible property, net worth, capital, franchise or doing business tax), fee or other governmental charge under the laws of the State of Connecticut or any political subdivision thereof as a result of purchasing, owning (including receiving payments with respect to) or selling a Pass Through Certificate. Neither the Trusts nor the Certificate Owners will be indemnified for any state or local taxes imposed on them, and the imposition of any such taxes on a Trust could result in a reduction in the amounts available for distribution to the Certificate Owners of such Trust. In general, should a Certificate Owner or a Trust be subject to any state or local tax which would not be imposed if the Trustee were located in a different jurisdiction in the United States, the Trustee will resign and a new Trustee in such other jurisdiction will be appointed.

## ERISA CONSIDERATIONS

Unless otherwise indicated in the applicable Prospectus Supplement, Pass Through Certificates may be purchased by an employee benefit plan (a "Plan") subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). A fiduciary of a Plan must determine that the purchase of a Pass Through Certificate is consistent with its fiduciary duties under ERISA and does not result in a non-exempt prohibited transaction as defined in Section 406 of ERISA or Section 4975 of the Code. Employee benefit plans which are governmental plans (as defined in Section 3(32) of ERISA) and certain church plans (as defined in Section 3(33) of ERISA) are not subject to the fiduciary responsibility provisions of ERISA.

## PLAN OF DISTRIBUTION

The Pass Through Certificates being offered hereby may be sold in any one or more of the following ways from time to time: (i) through agents; (ii) to or through underwriters; (iii) through dealers; and (iv) directly to other purchasers.

The distribution of the Pass Through Certificates may be effected from time to time in one or more transactions at a fixed price or prices, which may be changed, at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices.

Offers to purchase Pass Through Certificates may be solicited by agents designated by American from time to time. Any such agent involved in the offer or sale of the Pass Through Certificates in respect of which this Prospectus is delivered will be named, and any commissions payable by American to such agent will be set forth, in the applicable Prospectus Supplement. Unless otherwise indicated in such Prospectus Supplement, any such agent will be acting on a best efforts basis for the period of its appointment. Any such agent may be deemed to be an underwriter, as that term is defined in the Securities Act, of the Pass Through Certificates so offered and sold.

If Pass Through Certificates are sold by means of an underwritten offering, American will execute an underwriting agreement with an underwriter or underwriters at the time an agreement for such sale is reached, and the names of the specific managing underwriter or underwriters, as well as any other underwriters, and the terms of the transaction, including commissions, discounts and any other compensation of the underwriters and dealers, if any, will be set forth in the Prospectus Supplement which will be used by the underwriters to make resales of the Pass Through Certificates in respect of which this Prospectus is delivered to the public. If underwriters are utilized in the sale of the Pass Through Certificates in respect of which this Prospectus is



delivered, the Pass Through Certificates will be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions, including negotiated transactions, at fixed public offering prices or at varying prices determined by the underwriters at the time of sale. Pass Through Certificates may be offered to the public either through underwriting syndicates represented by managing underwriters or directly by the managing underwriters. If any underwriter or underwriters are utilized in the sale of the Pass Through Certificates, unless otherwise indicated in the Prospectus Supplement, the underwriting agreement will provide that the obligations of the underwriters are subject to certain conditions precedent and that the underwriters with respect to a sale of Pass Through Certificates will be obligated to purchase all such Pass Through Certificates if any are purchased. American does not intend to apply for listing of the Pass Through Certificates on a national securities exchange. If the Pass Through Certificates are sold by means of an underwritten offering, the underwriters may make a market in the Pass Through Certificates as permitted by applicable laws and regulations. No underwriter would be obligated, however, to make a market in the Pass Through Certificates and any such market-making could be discontinued at any time at the sole discretion of such underwriter. Accordingly, no assurance can be given as to the liquidity of, or trading markets for, the Pass Through Certificates.

If a dealer is utilized in the sale of the Pass Through Certificates in respect of which this Prospectus is delivered, such Pass Through Certificates will be sold by the Trustee to the dealer as principal. The dealer may then resell such Pass Through Certificates to the public at varying prices to be determined by such dealer at the time of resale. Any such dealer may be deemed to be an underwriter, as such term is defined in the Securities Act, of the Pass Through Certificates so offered and sold. The name of the dealer and the terms of the transaction will be set forth in the Prospectus Supplement relating thereto.

Offers to purchase Pass Through Certificates may be solicited directly and the sale thereof may be made directly to institutional investors or others, who may be deemed to be underwriters within the meaning of the Securities Act with respect to any resale thereof. The terms of any such sales will be described in the Prospectus Supplement relating thereto.

Agents, underwriters and dealers may be entitled under relevant agreements to indemnification or contribution by American against certain liabilities, including liabilities under the Securities Act.

Agents, underwriters and dealers may be customers of, engage in transactions with, or perform services for, AMR, American and AMR's other subsidiaries in the ordinary course of business.

If so indicated in the applicable Prospectus Supplement, agents, underwriters or dealers may be authorized to solicit offers by certain institutions to purchase Pass Through Certificates at the public offering prices set forth in the applicable Prospectus Supplement pursuant to delayed delivery contracts ("Contracts") providing for payment and delivery on a specified date or dates. A commission indicated in the applicable Prospectus Supplement will be paid to agents, underwriters and dealers soliciting purchases of Pass Through Certificates pursuant to Contracts accepted by American.

#### LEGAL OPINIONS

Unless otherwise indicated in the applicable Prospectus Supplement, the validity of the Pass Through Certificates offered hereby will be passed upon for American by Debevoise & Plimpton, 875 Third Avenue, New York, New York 10022 and for any agents, underwriters or dealers by Shearman & Sterling, 599 Lexington Avenue, New York, New York 10022.

#### EXPERTS

The consolidated financial statements and schedules of American Airlines, Inc. appearing in American's Annual Report (Form 10-K) for the year ended December 31, 1991 have been audited by Ernst & Young, independent auditors, as set forth in their report thereon included therein and incorporated herein by reference. Such consolidated financial statements and schedules are incorporated herein by reference in reliance upon such reports given upon the authority of such firm as experts in accounting and auditing.

## GLOSSARY OF CERTAIN TERMS

The following is a glossary of certain terms used in this Prospectus. The definitions of terms used in this glossary that are also used in the Basic Agreement, Trust Supplements, Indentures, Leases or Note Purchase Agreements are qualified in their entirety by reference to the definitions of such terms contained therein. Additional terms or changes in the terms defined below may appear in the applicable Prospectus Supplement.

"Aircraft" means Leased Aircraft and Owned Aircraft.

"Aviation Act" means the Federal Aviation Act of 1958, as amended, and the applicable regulations thereunder.

"Basic Agreement" means the Pass Through Trust Agreement, Amended and Restated as of February 1, 1992, between American and the Trustee.

"Business Day", when used with respect to the Pass Through Certificates of any series, means any day other than a Saturday, a Sunday, or a day on which banking institutions in New York, Dallas, Texas or a city and state in which the Trustee or any related Loan Trustee maintains its Corporate Trust office or disburses funds are authorized or obligated by law, regulation or executive order to be closed.

"Certificate Account" means the one or more non-interest-bearing accounts established and maintained by the Trustee pursuant to the Basic Agreement on behalf of the Certificateholders of each Trust for the deposit of payments representing Scheduled Payments on the Equipment Notes held in such Trust.

"Certificateholder" means the Person in whose name a Pass Through Certificate is registered.

"Code" means the United States Internal Revenue Code of 1986, as amended.

"Commission" means the Securities and Exchange Commission.

"Engine" means each of the engines relating to an Aircraft.

"Equipment Notes" means the Owned Aircraft Notes and the Leased Aircraft Notes.

"Event of Default" means, with respect to the Equipment Notes held in any Trust, the occurrence and continuance of an Indenture Default under one or more of the related Indentures.

"Indenture" means each of the separate trust indenture and security agreements entered into from time to time between (a) American and a Loan Trustee with respect to the issuance of Owned Aircraft Notes or (b) an Owner Trustee and a Loan Trustee with respect to the issuance of Leased Aircraft Notes and any indenture having substantially the same terms and conditions as any such trust indenture and security agreement and which relates to a substitute aircraft, as each such agreement may hereafter be amended or supplemented in accordance with its respective terms.

"Indenture Default" means each of the events designated as an event of default in an Indenture, as described in the applicable Prospectus Supplement.

"Lease" means each of the Lease Agreements entered into with respect to a Leased Aircraft between an Owner Trustee and American, as each such Lease Agreement may from time to time be amended or supplemented.

"Lease Event of Default" means each of the events designated as an event of default in a Lease, as described in the applicable Prospectus Supplement.

"Leased Aircraft" means each aircraft, including its Engines, leased by an Owner Trustee to American pursuant to a Lease.

"Leased Aircraft Notes" means the equipment notes issued on a nonrecourse basis by the Owner Trustees pursuant to the Indentures relating to Leased Aircraft.

"Loan Trustee", when used with respect to any Equipment Note or the Indenture applicable thereto, means the bank or trust company designated as loan trustee under such Indenture, and any successor to such Loan Trustee as such trustee.

"Note Purchase Agreement" when used with respect to any Equipment Note, means the note purchase, participation or similar agreement or agreements referred to in the related Indenture, providing for, among other things, the purchase of Equipment Notes by the Trustee.

"Owned Aircraft" means each aircraft, including its Engines, that is security for the obligations of American under the Owned Aircraft Notes.

"Owned Aircraft Notes" means the equipment notes issued with recourse by American pursuant to the Indentures relating to Owned Aircraft.

"Owner Participant" means each of the owner participants for whose benefit an Owner Trustee owns a Leased Aircraft leased to American pursuant to a Lease and its permitted successors and assigns.

"Owner Trustee", when used with respect to any Leased Aircraft Note or the Indenture applicable thereto or the Lease related thereto, means the "Owner Trustee" referred to in the applicable Indenture, not in its individual capacity but solely as trustee; and each other Person which may from time to time be acting as Owner Trustee in accordance with the provisions of the applicable Indenture, Lease or Purchase Agreement Assignment (as defined in such Lease).

"Pass Through Certificate" means each of the Pass Through Certificates to be issued by each of the Trusts pursuant to the Basic Agreement.

"Pool Balance" means, for each Trust, as of any date, the aggregate unpaid principal amount of the Equipment Notes held in such Trust on such date plus any amounts in respect of principal on such Equipment Notes held by the Trustee and not yet distributed. The Pool Balance for each Trust as of any Regular Distribution Date or Special Distribution Date shall be computed after giving effect to the payment of principal, if any, on the Equipment Notes held in such Trust and distribution thereof to be made on that date.

"Pool Factor" means, for each Trust, as of any date, the quotient (rounded to the seventh decimal place) computed by dividing (i) the Pool Balance by (ii) the aggregate original principal amount of such Equipment Notes held in such Trust. The Pool Factor for each Trust as of any Regular Distribution Date or Special Distribution Date shall be computed after giving effect to the payment of principal, if any, on the Equipment Notes held in such Trust and distribution thereof to be made on that date.

"Regular Distribution Date" means the dates specified in the applicable Prospectus Supplement.

"Scheduled Payment" means each payment of interest or principal on an Equipment Note scheduled to be received by the Trustee on the Regular Distribution Dates specified in the applicable Prospectus Supplement.

"Special Distribution Date" means each date on which a Special Payment will be distributed, as specified in the applicable Prospectus Supplement.

"Special Payment" means (i) any payment of principal, premium, if any, and interest resulting from the redemption or purchase of an Equipment Note held in a Trust, (ii) any payment of principal and interest (including any interest accruing upon default) on or any other amount in respect of an Equipment Note held in a Trust upon an Indenture Default in respect of, or upon acceleration relating to, such Equipment Note, (iii) any payment of principal, premium, if any, and interest on an Equipment Note which is not in fact paid within five days of a Regular Distribution Date, (iv) any proceeds from the sale of any Equipment Note upon an Event of Default, or (v) the amounts available for distribution from a Trust as a result of the failure to

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apply such amounts to the purchase of Equipment Notes on or prior to the date specified in the applicable Prospectus Supplement.

"Special Payments Account" means the one or more non-interest-bearing accounts established and maintained by the Trustee pursuant to the Basic Agreement on behalf of the Certificateholders of each Trust for the deposit of payments representing Special Payments.

"Specified Investments" when used with respect to any Trust, means, unless otherwise specified in the related Prospectus Supplement, (i) direct obligations of the United States of America and agencies thereof for which the full faith and credit of the United States of America is pledged, (ii) obligations fully guaranteed by the United States of America, (iii) certificates of deposit issued by, or bankers' acceptances of, or time deposits (including overnight deposits) with, any bank, trust company or national banking association incorporated or doing business under the laws of the United States of America or one of the states thereof having combined capital and surplus and retained earnings of at least \$500,000,000 (including any Loan Trustee or Owner Trustee if such conditions are met) and (iv) repurchase agreements with any financial institution described in clause (iii) above having a combined capital and surplus of at least \$750,000,000 fully collateralized by obligations of the type described in clauses (i) through (iii) above; provided that if all of the above investments are unavailable, the entire amounts to be invested may be used to purchase Federal Funds from an entity described in clause (iii) above; and provided further that no investment shall be eligible as a "Specified Investment" unless the final maturity or date of return of such investment is on or before the date applicable to the particular Trust, as specified in the related Prospectus Supplement.

"Trust" means each of the American Airlines Pass Through Trusts to be formed pursuant to the Basic Agreement and a Trust Supplement.

"Trust Supplement" means each of the Pass Through Trust Supplements between American and the Trustee, pursuant to each of which one Trust is formed and one series of Pass Through Certificates is issued to evidence fractional undivided ownership interests in the Trust Property held in such Trust.

"Trust Property" means the Equipment Notes held as the property of a Trust and all funds from time to time deposited in the related Certificate Account, the related Special Payments Account and any other account maintained as a part of such Trust, including any proceeds from the sale by the Trustee of any such Equipment Note in connection with an Event of Default.

"Trustee" means State Street Bank and Trust Company of Connecticut, National Association, a national banking association, in its capacity as Trustee under each Trust, and each other person which may from time to time act as successor Trustee under such Trust.

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