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

FORM 10-K

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the Fiscal Year Ended December 31, 2016

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the Transition Period From to

Commission file number 1-8400

American Airlines Group Inc.

(Exact name of registrant as specified in its charter)

Delaware	**75-1825172**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
4333 Amon Carter Blvd., Fort Worth, Texas 76155	**(817) 963-1234**
(Address of principal executive offices, including zip code)	*Registrant's telephone number, including area code*

(Former name, former address and former fiscal year, if changed since last report)

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

	Name of Exchange on Which Registered
Common Stock, $0.01 par value per share	NASDAQ

Securities registered pursuant to Section 12(g) of the Act: None

Commission file number 1-2691

American Airlines, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**13-1502798**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
4333 Amon Carter Blvd., Fort Worth, Texas 76155	**(817) 963-1234**
(Address of principal executive offices, including zip code)	*Registrant's telephone number, including area code*

Securities registered pursuant to Section 12(b) of the Act: None
Securities registered pursuant to Section 12(g) of the Act: None

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

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

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

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

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

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

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

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

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

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

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

American Airlines Group Inc.	☑ Large Accelerated Filer	☐ Accelerated Filer	☐ Non-accelerated Filer	☐ Smaller Reporting Company
American Airlines, Inc.	☐ Large Accelerated Filer	☐ Accelerated Filer	☑ Non-accelerated Filer	☐ Smaller Reporting Company

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

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

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13, or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

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

As of February 17, 2017, there were 504,154,397 shares of American Airlines Group Inc. common stock outstanding. The aggregate market value of the voting stock held by non-affiliates of the registrant as of June 30, 2016, was approximately $15 billion.

As of February 17, 2017, there were 1,000 shares of American Airlines, Inc. common stock outstanding, all of which were held by American Airlines Group Inc.

OMISSION OF CERTAIN INFORMATION

American Airlines Group Inc. and American Airlines, Inc. meet the conditions set forth in General Instruction I(1)(a) and (b) of Form 10-K and have therefore omitted the information otherwise called for by Items 10-13 of Form 10-K as allowed under General Instruction I(2)(c).

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the proxy statement related to American Airlines Group Inc.'s 2017 Annual Meeting of Stockholders, which proxy statement will be filed under the Securities Exchange Act of 1934 within 120 days of the end of American Airlines Group Inc.'s fiscal year ended December 31, 2016, are incorporated by reference into Part III of this Annual Report on Form 10-K.

American Airlines Group Inc.
American Airlines, Inc.
Form 10-K
Year Ended December 31, 2016
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This combined Annual Report on Form 10-K is filed by American Airlines Group Inc. (formerly named AMR Corporation) (AAG) and its wholly-owned subsidiary American Airlines, Inc. (American). References in this Annual Report on Form 10-K to "we," "us," "our," the "Company" and similar terms refer to AAG and its consolidated subsidiaries. "AMR" or "AMR Corporation" refers to the Company during the period of time prior to its emergence from Chapter 11 and its acquisition of US Airways Group, Inc. (US Airways Group) on December 9, 2013. References to "US Airways Group" and "US Airways," a subsidiary of US Airways Group, represent those entities during the period of time prior to AAG's internal corporate restructuring on December 30, 2015. References in this Annual Report on Form 10-K to "mainline" refer to the operations of American, as applicable, and exclude regional operations.

Note Concerning Forward-Looking Statements

Certain of the statements contained in this report should be considered forward-looking statements within the meaning of the Securities Act of 1933, as amended (the Securities Act), the Securities Exchange Act of 1934, as amended (the Exchange Act), and the Private Securities Litigation Reform Act of 1995. These forward-looking statements may be identified by words such as "may," "will," "expect," "intend," "anticipate," "believe," "estimate," "plan," "project," "could," "should," "would," "continue," "seek," "target," "guidance," "outlook," "if current trends continue," "optimistic," "forecast" and other similar words. Such statements include, but are not limited to, statements about our plans, objectives, expectations, intentions, estimates and strategies for the future, and other statements that are not historical facts. These forward-looking statements are based on our current objectives, beliefs and expectations, and they are subject to significant risks and uncertainties that may cause actual results and financial position and timing of certain events to differ materially from the information in the forward-looking statements. These risks and uncertainties include, but are not limited to, those described below under Part I, Item 1A. Risk Factors, Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and in our other filings with the Securities and Exchange Commission (the SEC), and other risks and uncertainties listed from time to time in our filings with the SEC.

All of the forward-looking statements are qualified in their entirety by reference to the factors discussed in Part I, Item 1A. Risk Factors and elsewhere in this report. There may be other factors of which we are not currently aware that may affect matters discussed in the forward-looking statements and may also cause actual results to differ materially from those discussed. We do not assume any obligation to publicly update or supplement any forward-looking statement to reflect actual results, changes in assumptions or changes in other factors affecting such statements other than as required by law. Forward-looking statements speak only as of the date of this Annual Report on Form 10-K or as of the dates indicated in the statements.

PART I

ITEM 1. BUSINESS

Overview

American Airlines Group Inc. (AAG), a Delaware corporation, is a holding company and its principal, wholly-owned subsidiaries are American Airlines, Inc. (American), Envoy Aviation Group Inc. (Envoy), PSA Airlines, Inc. (PSA) and Piedmont Airlines, Inc. (Piedmont). AAG was formed in 1982 under the name AMR Corporation (AMR) as the parent company of American, which was founded in 1934. On December 9, 2013, a subsidiary of AMR merged with and into US Airways Group, Inc. (US Airways Group), a Delaware corporation, which survived as a wholly-owned subsidiary of AAG, and AAG emerged from Chapter 11 (the Merger). Upon closing of the Merger and emergence from Chapter 11, AMR changed its name to American Airlines Group Inc. On December 30, 2015, in order to simplify AAG's internal corporate structure, US Airways Group merged with and into AAG, with AAG as the surviving corporation and, immediately thereafter, US Airways, Inc. (US Airways), a wholly-owned subsidiary of US Airways Group, merged with and into American, with American as the surviving corporation.

AAG's and American's principal executive offices are located at 4333 Amon Carter Boulevard, Fort Worth, Texas 76155 and our telephone number is 817-963-1234.

Airline Operations

Our primary business activity is the operation of a major network carrier, providing scheduled air transportation for passengers and cargo.

Together with our wholly-owned regional airline subsidiaries and third-party regional carriers operating as American Eagle, our airline operates an average of nearly 6,700 flights per day to nearly 350 destinations in more than 50 countries, principally from our hubs in Charlotte, Chicago, Dallas/Fort Worth, Los Angeles, Miami, New York, Philadelphia, Phoenix and Washington, D.C. In 2016, approximately 199 million passengers boarded our mainline and regional flights. During 2016, we launched new nonstop service between Los Angeles International Airport (LAX) and Hong Kong as well as between LAX and Auckland, New Zealand. We also launched our first-ever regularly scheduled flights to Cuba in 2016 with non-stop service to Havana from Miami and Charlotte and to Cienfuegos, Holguin, Camaguey, Santa Clara and Varadero from Miami, making us amongst the top leaders in air service between the U.S. and Cuba.

As of December 31, 2016, we operated 930 mainline aircraft and are supported by our regional airline subsidiaries and third-party regional carriers, which operated an additional 606 regional aircraft. See Part I, Item 2. Properties for further discussion on our mainline and regional aircraft and "*Regional*" below for further discussion on our regional operations.

American is a founding member of the **one**world alliance, whose members and members-elect serve more than 1,000 destinations with approximately 14,250 daily flights to over 150 countries. See "*Ticket Distribution and Marketing Agreements*" below for further discussion on the **one**world alliance and other agreements with domestic and international airlines.

See Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – *"Operational Highlights," "Financial Overview," "AAG's Results of Operations"* and *"American's Results of Operations"* for further discussion of AAG's and American's operating results and operating performance. Also, see Note 13 to AAG's Consolidated Financial Statements in Part II, Item 8A and Note 11 to American's Consolidated Financial Statements in Part II, Item 8B for information regarding our operating segments and operating revenue in principal geographic areas.

Regional

We have arrangements with regional carriers to provide us with regional jet and turboprop service under the brand name "American Eagle." The American Eagle carriers include our wholly-owned regional carriers, Envoy, PSA and Piedmont, as well as third-party regional carriers including Republic Airline Inc. (Republic), Mesa Airlines, Inc. (Mesa), Air Wisconsin Airlines Corporation (Air Wisconsin), Compass Airlines, LLC (Compass), ExpressJet Airlines, Inc. (ExpressJet), SkyWest Airlines, Inc. (SkyWest) and Trans States Airlines, Inc. (Trans States). These carriers are an integral component of our operating network. We rely heavily on feeder traffic from these carriers, which transport passengers to our hubs from low-density markets that are not economical for us to serve with larger, mainline aircraft. In addition, regional carriers offer complementary service in our existing mainline markets by operating flights during off-peak periods between mainline flights. During 2016, approximately 54 million passengers boarded our regional carriers' planes, approximately 44% of whom connected to or from our mainline flights. Of these passengers, approximately 26 million were enplaned by our wholly-owned regional carriers and approximately 28 million were enplaned by third-party regional carriers. All American Eagle carriers use logos, service marks, aircraft paint schemes and uniforms similar to our mainline operations.

The American Eagle arrangements are principally in the form of capacity purchase agreements. The capacity purchase agreements provide that all revenues, including passenger, in-flight, ancillary, mail and freight revenues, go to us. In return, we agree to pay predetermined fees to these airlines for operating an agreed-upon number of aircraft, without regard to the number of passengers on board. In addition, these agreements provide that we reimburse 100% of certain variable costs, such as airport landing fees and passenger liability insurance. We control marketing, scheduling, ticketing, pricing and seat inventories.

A limited number of regional aircraft are operated for us under prorate agreements, under which the regional carriers receive a prorated share of ticket revenue and pay certain service fees to us. The prorate carriers are responsible for all costs incurred operating the applicable aircraft.

Cargo

Our cargo division provides a wide range of freight and mail services, with facilities and interline connections available across the globe. In 2016, we were named the Cargo Airline of the Year for the second year running and Best Cargo Airline from the Americas for the ninth consecutive year by *Air Cargo News*.

Ticket Distribution and Marketing Agreements

Passengers can purchase tickets for travel on American through several distribution channels, including our website (*www.aa.com*), our reservations centers and third-party distribution channels, including those provided by or through global distribution systems (e.g., Amadeus, Sabre and Travelport), conventional travel agents and online travel agents (e.g., Expedia, Orbitz and Travelocity). To remain competitive, we need to successfully manage our distribution costs and rights, increase our distribution flexibility and improve the functionality of third-party distribution channels, while maintaining an industry-competitive cost structure. For more discussion, see Part I, Item 1A. Risk Factors – "*We rely on third-party distribution channels and must manage effectively the costs, rights and functionality of these channels*."

In general, beyond nonstop city pairs, carriers that have the greatest ability to seamlessly connect passengers to and from markets have a competitive advantage. In some cases, however, foreign governments limit U.S. air carriers' rights to transport passengers beyond designated gateway cities in foreign countries. In order to improve access to domestic and foreign markets, we have arrangements with other airlines including the **one**world alliance, other cooperation agreements, joint business agreements (JBAs), and marketing relationships.

Member of oneworld Alliance

American is a founding member of the **one**world alliance, which includes Air Berlin, British Airways, Cathay Pacific Airways, Finnair, Iberia, Japan Airlines, LAN Airlines, Malaysia Airlines, Qantas Airways, Qatar Airways, Royal Jordanian, S7 Airlines, SriLankan Airlines and TAM Airlines. The **one**world alliance links the networks of the member carriers to enhance customer service and smooth connections to the destinations served by the alliance, including linking the carriers' loyalty programs and access to the carriers' airport lounge facilities.

Cooperation and Joint Business Agreements

American is party to antitrust-immunized cooperation agreements with British Airways, Iberia, Finnair, Royal Jordanian, Japan Airlines, LAN Airlines and LAN Peru. American has also established JBAs with British Airways, Iberia and Finnair, and separately Japan Airlines, that enable the carriers to cooperate on flights between particular destinations and allow pooling and sharing of certain revenues and costs, enhanced loyalty program reciprocity and cooperation in other areas. American and its joint business partners received regulatory approval to enter into these JBAs and cooperation agreements.

We signed a revised JBA with Qantas Airways and applied for antitrust immunity with the U.S. Department of Transportation (DOT) for the revised relationship, but we withdrew that application in November 2016 after it was tentatively denied by the DOT. However, we expect that our existing, more limited cooperation with Qantas will continue, and we intend to file a new application for antitrust immunity with the DOT later this year. In addition, we have signed JBAs with certain air carriers of the LATAM Airlines Group and have applied for approval in the relevant jurisdictions affected by such agreements, which applications are still pending before the relevant regulators.

Marketing Relationships

To improve access to each other's markets, various U.S. and foreign air carriers, including American, have established marketing relationships with other airlines. These marketing agreements generally provide enhanced customer choice by means of an expanded network with reciprocal loyalty program participation and joint sales cooperation. American currently has marketing relationships with Air Berlin, Air Tahiti Nui, Alaska Airlines, British Airways, Cape Air, Cathay Pacific, Dragonair, EL AL, Etihad Airways, Fiji Airways, Finnair, Gulf Air, Hainan Airlines, Hawaiian Airlines, Iberia, Interjet, Japan Airlines, Jet Airways, Jetstar Group (includes Jetstar Airways and Jetstar Japan), Korean Air, LATAM (includes LAN Airlines, LAN Argentina, LAN Colombia, LAN Ecuador, LAN Peru, TAM Airlines and TAM Mercosur), Malaysia Airlines, Niki Airlines, Qantas Airways, Qatar Airways, Royal Jordanian, S7 Airlines, Seaborne Airlines and WestJet.

Loyalty Program

Our loyalty program, AAdvantage® was established to develop passenger loyalty by offering awards to travelers for their continued patronage. AAdvantage was named Best Elite Program in the Americas at the 2016 Freddie Awards. AAdvantage members earn mileage credits by flying on American, any **one**world airline or other partner airlines, or by using the services of over 1,000 program participants, such as the Citi and Barclaycard US co-branded credit cards, hotels and car rental companies. Mileage credits can be redeemed for free or upgraded travel on American and participating airlines, membership to our Admirals Club® or for other non-travel awards from our program participants.

All travel on eligible tickets counts toward qualification for elite status in the AAdvantage program. Elite members can enjoy additional benefits of the AAdvantage program, including complimentary upgrades, mileage bonuses, complimentary access to Preferred Seats, checked bags at no charge, First and Business Class check-in, priority security, priority boarding and priority baggage delivery.

Most travel awards are subject to capacity-controlled seating. A member's mileage credit does not expire as long as that member has any type of qualifying activity at least once every 18 months. Under our agreements with AAdvantage members and program partners, we reserve the right to change the AAdvantage program at any time without notice, and may end the program with six months' notice. Program rules, partners, special offers, awards and requisite mileage levels for awards are subject to change.

During 2016, our members redeemed approximately 10 million awards including travel redemptions for flights and upgrades on American and other air carriers, as well as redemption of car and hotel awards, club memberships and merchandise. Approximately 6.3% of our 2016 total revenue passenger miles flown were from award travel.

In order to ensure we are rewarding our most loyal customers, we announced a program change effective in the second half of 2016 whereby our members began earning mileage credits based on dollars spent rather than distance flown for travel on American-marketed flights. In addition, our members earn bonus mileage credits when elite status is obtained. For every dollar spent, non-status members earn five mileage credits, but Gold, Platinum and Executive Platinum status holders earn bonus mileage credits of seven, eight and eleven mileage credits, respectively. Additionally, in January 2017, we added Platinum Pro as a fourth elite level for members. Platinum Pro status holders earn nine mileage credits for every dollar spent.

See Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – "*Critical Accounting Policies and Estimate*s" for more information on our loyalty program.

Industry Competition

Domestic

The markets in which we operate are highly competitive. On most of our domestic non-stop routes, we currently face competing service from at least one, and sometimes more than one, domestic airline, including: Alaska Airlines, Allegiant Air, Delta Air Lines, Frontier Airlines, Hawaiian Airlines, JetBlue Airways, Southwest Airlines, Spirit Airlines, United Airlines and Virgin America. Competition is even greater between cities that require a connection, where the major airlines compete via their respective hubs. In addition, we face competition on some of our connecting routes from airlines operating point-to-point service on such routes. We also compete with all-cargo and charter airlines and, particularly on shorter segments, ground and rail transportation.

On all of our routes, pricing decisions are affected, in large part, by the need to meet competition from other airlines. Price competition occurs on a market-by-market basis through price discounts, changes in pricing structures, fare matching, target promotions and loyalty program initiatives. Airlines typically use discount fares and other promotions to stimulate traffic during normally slack travel periods, when they begin service to new cities or when they have excess capacity, to generate cash flow, to maximize revenue per available seat mile and to establish, increase or preserve market share. We have often elected to match discount or promotional fares initiated by other air carriers in certain markets in order to compete in those markets. Most airlines will quickly match price reductions in a particular market. In addition, low-fare, low-cost carriers, such as Southwest Airlines and JetBlue Airways, and so-called ultra-low-cost carriers, such as Allegiant Air, Frontier Airlines and Spirit Airlines, compete in many of the markets in which we operate and competition from these carriers is increasing.

In addition to price competition, airlines compete for market share by increasing the size of their route system and the number of markets they serve. The American Eagle regional carriers increase the number of markets we serve by flying to lower demand markets and providing connections at our hubs. Many of our competitors also own or have agreements with regional airlines that provide similar services at their hubs and other locations. We also compete on the basis of scheduling (frequency and flight times), availability of nonstop flights, on-time performance, type of equipment, cabin

configuration, amenities provided to passengers, loyalty programs, the automation of travel agent reservation systems, onboard products, markets served and other services. We compete with both major network airlines and low-cost carriers throughout our network.

International

In addition to our extensive domestic service, we provide international service to Canada, Central and South America, Asia, Europe, Australia and New Zealand. In providing international air transportation, we compete with U.S. airlines, foreign investor-owned airlines and foreign state-owned or state-affiliated airlines, including carriers based in the Middle East, the three largest of which we believe benefit from significant government subsidies. In order to increase our ability to compete for international air transportation service, which is subject to extensive government regulation, U.S. and foreign carriers have entered into marketing relationships, alliances, cooperation agreements and JBAs to exchange traffic between each other's flights and route networks. See "*Ticket Distribution and Marketing Agreements*" above for further discussion.

Employees and Labor Relations

The airline business is labor intensive. In 2016, mainline and regional salaries, wages and benefits were our largest expense and represented approximately 35% of our total operating expenses.

Labor relations in the air transportation industry are regulated under the Railway Labor Act (RLA), which vests in the National Mediation Board (NMB) certain functions with respect to disputes between airlines and labor unions relating to union representation and collective bargaining agreements (CBAs). When an RLA CBA becomes amendable, if either party to the agreement wishes to modify its terms, it must notify the other party in the manner prescribed under the RLA and as agreed by the parties. Under the RLA, the parties must meet for direct negotiations, and, if no agreement is reached, either party may request the NMB to appoint a federal mediator. The RLA prescribes no set timetable for the direct negotiation and mediation process. It is not unusual for those processes to last for many months and even for several years. If no agreement is reached in mediation, the NMB in its discretion may declare under the RLA at some time that an impasse exists, and if an impasse is declared, the NMB proffers binding arbitration to the parties. Either party may decline to submit to binding arbitration. If arbitration is rejected by either party, an initial 30-day "cooling off" period commences. Following the conclusion of that 30-day "cooling off" period, if no agreement has been reached, "self-help" (as described below) can begin unless a Presidential Emergency Board (PEB) is established. A PEB examines the parties' positions and recommends a solution. The PEB process lasts for 30 days and (if no resolution is reached) is followed by another "cooling off" period of 30 days. At the end of a "cooling off" period (unless an agreement is reached, a PEB is established or action is taken by Congress), the labor organization may exercise "self-help," such as a strike, and the airline may resort to its own "self-help," including the imposition of any or all of its proposed amendments to the CBA and the hiring of new employees to replace any striking workers.

The table below presents our approximate number of active full-time equivalent employees as of December 31, 2016.

	Mainline Operations	Wholly-owned Regional Carriers	Total
Pilots and Flight Crew Training Instructors	13,400	3,400	16,800
Flight Attendants	24,700	2,200	26,900
Maintenance personnel	14,900	2,000	16,900
Fleet Service personnel	16,600	3,500	20,100
Passenger Service personnel	15,900	7,100	23,000
Administrative and other	16,000	2,600	18,600
Total	101,500	20,800	122,300

As of December 31, 2016, approximately 85% of our total active employees were represented by various labor unions and CBAs as detailed in the table below.

Union	Class or Craft	Employees [1]	Contract Amendable Date
Mainline: [2]			
Allied Pilots Association (APA)	Pilots	13,100	2019
Association of Professional Flight Attendants (APFA)	Flight Attendants	24,200	2019
Airline Customer Service Employee Association – Communications Workers of America and International Brotherhood of Teamsters (CWA-IBT)	Passenger Service	16,000	2020
Transport Workers Union and International Association of Machinists & Aerospace Workers (TWU-IAM)	Mechanics and Related	12,800	2018
TWU-IAM	Fleet Service	16,200	2018
TWU-IAM	Stock Clerks	1,800	2018
TWU-IAM	Simulator Technicians	100	2021
TWU-IAM	Maintenance Control Technicians	100	2018
TWU-IAM	Maintenance Training Instructors	50	2018
TWU (Transport Workers Union)	Dispatchers	400	2021
TWU	Flight Crew Training Instructors	300	2021
Envoy: [3]			
Air Line Pilots Associations (ALPA)	Pilots	1,800	2024
Association of Flight Attendants-CWA (AFA)	Flight Attendants	1,200	2020
TWU	Ground School Instructors	10	2019
TWU	Mechanics and Related	1,200	2020
TWU	Stock Clerks	100	2020
TWU	Fleet Service Clerks	3,400	2019
TWU	Dispatchers	100	2019
Communications Workers of America (CWA)	Passenger Service	3,900	Initial Contract in Negotiation
Piedmont: [3]			
ALPA	Pilots	400	2024
AFA	Flight Attendants	200	2019
International Brotherhood of Teamsters (IBT)	Mechanics	300	2021
IBT	Stock Clerks	40	2021
CWA	Fleet and Passenger Service	3,200	2017
IBT	Dispatchers	20	2019
ALPA	Flight Crew Training Instructors	40	2024
PSA: [3]			
ALPA	Pilots	1,100	2023
AFA	Flight Attendants	800	2017
International Association of Machinists & Aerospace Workers (IAM)	Mechanics	300	2016
TWU	Dispatchers	40	2014

(1) Approximate number of active full-time equivalent employees covered by the contract as of December 31, 2016.

(2) Our union-represented mainline employees are covered by agreements that are not currently amendable. Joint collective bargaining agreements (JCBAs) have been reached with post-Merger employee groups, except the approximately 35,000 maintenance, fleet service, stores and planner employees represented by the TWU-IAM who are covered by separate CBAs that are not yet amendable. Until those agreements become amendable, negotiations for JCBAs will be conducted outside the traditional RLA bargaining process as described above, and, in the meantime, no self-help will be permissible. In August 2016, we reached interim agreements with the TWU-IAM to move the employees they represent to new pay rates and to provide additional flexibility in assigning work to these employees. These new interim agreements provide immediate and significant pay increases and do not constitute new JCBAs, and negotiations for such JCBAs will continue.

(3) Among our wholly-owned regional subsidiaries, the Piedmont fleet and passenger service employees and the PSA mechanics and dispatchers have agreements that are now amendable and are engaged in traditional RLA negotiations. The Envoy passenger service employees are engaged in traditional RLA negotiations for an initial CBA.

None of the unions representing our employees presently may lawfully engage in concerted refusals to work, such as strikes, slow-downs, sick-outs or other similar activity, against us. Nonetheless, there is a risk that disgruntled employees, either with or without union involvement, could engage in one or more concerted refusals to work that could individually or collectively harm the operation of our airline and impair our financial performance.

For more discussion, see Part I, Item 1A. Risk Factors – "*Union disputes, employee strikes and other labor-related disruptions may adversely affect our operations*."

Aircraft Fuel

Our operations and financial results are significantly affected by the availability and price of jet fuel. Based on our 2017 forecasted mainline and regional fuel consumption, we estimate that a one cent per gallon increase in aviation fuel price would increase our 2017 annual fuel expense by $43 million.

The following table shows annual aircraft fuel consumption and costs, including taxes, for our mainline operations for 2016, 2015 and 2014 (gallons and aircraft fuel expense in millions).

Year	Gallons	Average Price per Gallon	Aircraft Fuel Expense	Percent of Total Mainline Operating Expenses
2016	3,596	$ 1.41	$ 5,071	17.6%
2015	3,611	1.72	6,226	21.6%
2014	3,644	2.91	10,592	33.2%

Total fuel expenses for our wholly-owned and third-party regional carriers operating under capacity purchase agreements of American were $1.1 billion, $1.2 billion and $2.0 billion for the years ended December 31, 2016, 2015 and 2014, respectively.

As of December 31, 2016, we did not have any fuel hedging contracts outstanding to hedge our fuel consumption. As such, and assuming we do not enter into any future transactions to hedge our fuel consumption, we will continue to be fully exposed to fluctuations in fuel prices. Our current policy is not to enter into transactions to hedge our fuel consumption, although we review that policy from time to time based on market conditions and other factors.

Fuel prices have fluctuated substantially over the past several years. We cannot predict the future availability, price volatility or cost of aircraft fuel. Natural disasters, political disruptions or wars involving oil-producing countries, changes in fuel-related governmental policy, the strength of the U.S. dollar against foreign currencies, changes in access to petroleum product pipelines and terminals, speculation in the energy futures markets, changes in aircraft fuel production capacity, environmental concerns and other unpredictable events may result in fuel supply shortages, additional fuel price volatility and cost increases in the future. See Part I, Item 1A. Risk Factors – "*Our business is very dependent on the price and availability of aircraft fuel. Continued periods of high volatility in fuel costs, increased fuel prices or significant disruptions in the supply of aircraft fuel could have a significant negative impact on our operating results and liquidity*."

Seasonality and Other Factors

Due to the greater demand for air travel during the summer months, revenues in the airline industry in the second and third quarters of the year tend to be greater than revenues in the first and fourth quarters of the year. General economic conditions, fears of terrorism or war, fare initiatives, fluctuations in fuel prices, labor actions, weather, natural disasters, outbreaks of disease and other factors could impact this seasonal pattern. Therefore, our quarterly results of operations are not necessarily indicative of operating results for the entire year, and historical operating results in a quarterly or annual period are not necessarily indicative of future operating results.

Domestic and Global Regulatory Landscape

General

Airlines are subject to extensive domestic and international regulatory requirements. Domestically, the DOT and the Federal Aviation Administration (FAA) exercise significant regulatory authority over air carriers.

The DOT, among other things, oversees domestic and international codeshare agreements, international route authorities, competition and consumer protection matters such as advertising, denied boarding compensation and baggage liability. The Antitrust Division of the Department of Justice (DOJ) along with the DOT have jurisdiction over airline antitrust matters.

The FAA similarly exercises safety oversight and regulates most operational matters of our business, including how we operate and maintain our aircraft. FAA requirements cover, among other things, required technology and necessary onboard equipment; systems, procedures and training necessary to ensure the continuous airworthiness of our fleet of aircraft; safety measures and equipment; crew scheduling limitations and experience requirements; and many other technical aspects of airline operations. Additionally, the FAA sets pilot qualification standards and imposes complex rest requirements for pilots, as well as stringent duty period requirements for pilots and flight attendants.

The FAA also controls the national airspace system, including operational rules and fees for air traffic control (ATC) services. The efficiency, reliability and capacity of the ATC network has a significant impact on our costs and on the timeliness of our operations.

The U.S. Postal Service has jurisdiction over certain aspects of the transportation of mail and related services.

Airport Access and Operations

Domestically, any U.S. airline authorized by the DOT is generally free to operate scheduled passenger service between any two points within the U.S. and its territories, with the exception of certain airports that require landing and take-off rights and authorizations (slots) and other facilities, and certain airports that impose geographic limitations on operations or curtail operations based on the time of day. Operations at three major domestic airports we serve (John F. Kennedy International Airport (JFK) and La Guardia Airport (LGA) in New York City, and Ronald Reagan Washington National Airport (DCA) in Washington, D.C.) and certain foreign airports we serve (including London Heathrow Airport (LHR)) are regulated by governmental entities through allocations of slots or similar regulatory mechanisms that limit the rights of carriers to conduct operations at those airports. Each slot represents the authorization to land at or take off from the particular airport during a specified time period. In addition to slot restrictions, operations at LGA and DCA also are limited based on the stage length of the flight.

Our ability to provide service can also be impaired at airports, such as Chicago O'Hare International Airport (ORD) and LAX, where the airport gate and other facilities are inadequate to accommodate all of the service that we would like to provide.

Existing law also permits domestic local airport authorities to implement procedures and impose restrictions designed to abate noise, provided such procedures and restrictions do not unreasonably interfere with interstate or foreign commerce or the national transportation system. In some instances, these restrictions have caused curtailments in service or increases in operating costs.

Airline Fares, Taxes and User Fees

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

Airlines are obligated to collect a federal excise tax, commonly referred to as the "ticket tax," on domestic and international air transportation, and to collect other taxes and charge other fees, such as foreign taxes, security fees and passenger facility charges. Airlines typically collect and pass along the collected amounts to the appropriate governmental agencies. Although these taxes and fees are not our operating expenses, they represent an additional cost to our customers. These taxes and fees are subject to increase from time to time.

DOT Passenger Protection Rules

The DOT regulates airline interactions with passengers through the reservations process, at the airport and on board the aircraft. Among other things, these regulations govern how our fares are displayed online, required customer disclosures, access by disabled passengers, handling of long onboard flight delays and reporting of mishandled bags. In addition, the DOT is likely to issue a regulation in 2017 that would require air carriers to refund checked bag fees in the event of certain delays in delivery.

International

International air transportation is subject to extensive government regulation, including aviation agreements between the U.S. and other countries or governmental authorities, such as the European Union (EU). Moreover, alliances with international carriers may be subject to the jurisdiction and regulations of various foreign agencies. The U.S. government has negotiated "open skies" agreements with many countries, which allow unrestricted route authority access between the U.S. and the foreign markets. While the U.S. has worked to increase the number of countries with which open skies agreements are in effect, a number of markets important to us, including China, do not have open skies agreements.

In addition, foreign countries impose passenger protection rules, which are analogous to, and often meet or exceed the requirements of, the DOT passenger protection rules discussed above. In cases where these foreign requirements exceed the DOT rules, we may bear additional burdens and liabilities. Further, various foreign airport authorities impose noise restrictions at their local airports.

Security

Since shortly after the events of September 11, 2001, substantially all aspects of civil aviation security in the U.S. or affecting U.S. carriers have been controlled or regulated by the Transportation Security Administration (TSA). Requirements include flight deck security; carriage of federal air marshals at no charge; enhanced security screening of passengers, baggage, cargo, mail, employees and vendors; fingerprint-based background checks of all employees and vendor employees with access to secure areas of airports; and the provision of certain passenger data to the federal government and other international border security authorities, for security and immigration controls. Funding for the TSA is provided by a combination of air carrier fees, passenger fees and taxpayer funds. Customs and Border Protection, which, like the TSA, is part of the Department of Homeland

Security, also promulgates requirements, performs services and collects fees that impact our provision of services. Additionally, we have at times found it necessary or desirable to make significant expenditures to comply with security-related requirements while reducing their impact on our customers, such as expenditures for automated security screening lines at airports.

Environmental Matters

Environmental Regulation

The airline industry is subject to various laws and government regulations concerning environmental matters in the U.S. and other countries. U.S. federal laws that have a particular impact on our operations include the Airport Noise and Capacity Act of 1990, the Clean Air Act (CAA), the Resource Conservation and Recovery Act, the Clean Water Act, the Safe Drinking Water Act and the Comprehensive Environmental Response, Compensation and Liability Act (Superfund Act). The U.S. Environmental Protection Agency (EPA) and other federal agencies have been authorized to promulgate regulations that have an impact on our operations. In addition to these federal activities, various states have been delegated certain authorities under the aforementioned federal statutes. Many state and local governments have adopted environmental laws and regulations which are similar to or stricter than federal requirements.

Revised underground storage tank regulations issued by the EPA in 2015 could affect airport fuel hydrant systems, as certain of those systems may need to be modified in order to comply with applicable portions of the revised regulations. In addition, related to the EPA and state regulations pertaining to stormwater management, several U.S. airport authorities are actively engaged in efforts to limit discharges of deicing fluid into the environment, often by requiring airlines to participate in the building or reconfiguring of airport deicing facilities.

The environmental laws to which we are subject include those related to responsibility for potential soil and groundwater contamination. We are conducting investigation and remediation activities to address soil and groundwater conditions at several sites, including airports and maintenance bases. We anticipate that the ongoing costs of such activities will not have a material impact on our operations. In addition, we have been named as a potentially responsible party (PRP) at certain Superfund sites. Our alleged volumetric contributions at such sites are relatively small in comparison to total contributions of all PRPs; we anticipate that any future payments of costs at such sites will not have a material impact on our operations.

Aircraft Emissions and Climate Change Requirements

Many aspects of our operations are subject to increasingly stringent environmental regulations and concerns about climate change and greenhouse gas (GHG) emissions. For example, the EU has established the Emissions Trading Scheme (ETS) to regulate GHG emissions in the EU. The EU adopted a directive in 2008 under which each EU member state is required to extend the ETS to aviation operations. However, the EU ETS has never fully been imposed, in large part due to the global effort to moderate international aviation emissions solely through the International Civil Aviation Organization (ICAO). The U.S. enacted legislation in November 2012 intended to encourage an international solution through ICAO, but which also authorizes the U.S. Secretary of Transportation to prohibit U.S. airlines from participating in the ETS.

In October 2016, ICAO passed a resolution adopting the ICAO Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), which is a global, market-based emissions offset program to encourage carbon-neutral growth beyond 2020. The CORSIA applies to international aviation, and does not directly impact domestic U.S. flights. The CORSIA was supported by the board of Airlines For

America (the principal U.S. airline trade association), the International Airline Trade Association (IATA) (the principal international airline trade association), and by American and many other U.S. and foreign airlines. The CORSIA will increase operating costs for American and most other airlines, including other U.S. airlines that operate internationally, but the implementation of a global program, as compared to regional emission reduction schemes, should help to ensure that resulting increases in operating costs will be more predictable and more evenly applied to airlines. The CORSIA is expected to be implemented in phases, beginning in 2021. Certain details still need to be developed and the impact of the CORSIA cannot be fully predicted. On February 3, 2017, the European Commission proposed to extend its stay on the extra-territorial application of the EU ETS until 2021, in anticipation of the implementation of the ICAO CORSIA. The EU noted its intent to continue to apply ETS to intra-EU flights until at least 2021, but also stated that this could be revisited in light of the CORSIA. The EU stated that it plans to reevaluate ETS again in 2021, in light of its assessment of the progress to implement the CORSIA. The current EU ETS proposal must be approved through the EU Council and Parliament.

The EPA recently issued an endangerment finding that aircraft engine GHG emissions cause or contribute to air pollution, which is a precursor to EPA regulation of aircraft engine GHG emission standards. It is anticipated that any such standards established by EPA would closely align with emission standards currently being developed by ICAO. In February 2016, the ICAO Committee on Aviation Environmental Protection recommended that ICAO adopt carbon dioxide certification standards that would apply to new type aircraft certified beginning in 2020, and would be phased in for newly manufactured existing aircraft type designs starting in 2023.

In addition, several states, including California, have adopted or are considering initiatives to regulate emissions of GHGs, primarily through the planned development of GHG emissions inventories and/or regional GHG cap and trade programs.

We have taken a number of actions that mitigate our GHG emissions and conserve fuel such as:

- Retiring older aircraft and replacing them with new, more fuel-efficient aircraft
- Reducing fuel consumption through our Fuel Smart Program, which is an employee-led effort to safely reduce fuel consumption
- Working with the FAA and vendors to facilitate efficient airspace procedures, which also reduces aircraft emissions
- Replacing existing cargo containers with lightweight versions
- Purchasing new, more fuel-efficient ground support equipment, certain of which is alternative-fuel and electric powered.

For further information, see our annual Corporate Responsibility Report, available on our website at *www.aa.com*.

Impact of Regulatory Requirements on Our Business

Regulatory requirements, including but not limited to those discussed above, could affect operations and increase operating costs for the airline industry, including our airline subsidiaries, and future regulatory developments may continue to do the same in the future. See Part I, Item 1A. Risk Factors – "*Ongoing data security requirements and obligations could increase our costs, and any significant data security incident could disrupt our operations and harm our reputation, business, results of operations and financial condition," "If we are unable to obtain and maintain adequate facilities and infrastructure throughout our system and, at some airports, adequate slots, we may be*

unable to operate our existing flight schedule and to expand or change our route network in the future, which may have a material adverse impact on our operations," "Our business is subject to extensive government regulation, which may result in increases in our costs, disruptions to our operations, limits on our operating flexibility, reductions in the demand for air travel, and competitive disadvantages," "The airline industry is heavily taxed," "We are subject to many forms of environmental and noise regulation and may incur substantial costs as a result" and *"We are subject to risks associated with climate change, including increased regulation to reduce emissions of greenhouse gases"* for additional information.

Available Information

Use of Websites to Disclose Information

Our website is located at *www.aa.com*. We have made and expect in the future to make public disclosures to investors and the general public of information regarding AAG and its subsidiaries by means of the investor relations section of our website as well as through the use of our social media sites, including Facebook and Twitter. In order to receive notification regarding new postings to our website, investors are encouraged to enroll on our website to receive automatic email alerts (see *phx.corporate-ir.net/4p0I.URL*), join American's circle (@AmericanAir) on Twitter and "like" American on its Facebook page (*www.facebook.com/AmericanAirlines*). None of the information or contents of our website or social media postings is incorporated into this Annual Report on Form 10-K.

Availability of SEC Reports

A copy of this Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports are available free of charge on our website as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. The SEC also maintains a website that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC at *www.sec.gov*. The public may also read and copy materials we file with the SEC at the SEC's Public Reference Room at 100 F. Street, NE, Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330.

ITEM 1A. RISKFACTORS

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

Risks Relating to AAG and Industry-Related Risks

Downturns in economic conditions could adversely affect our business.

Due to the discretionary nature of business and leisure travel spending and the highly competitive nature of the airline industry, our revenues are heavily influenced by the condition of the U.S. economy and economies in other regions of the world. Unfavorable conditions in these broader economies have resulted, and may result in the future, in decreased passenger demand for air travel, changes in booking practices and related reactions by our competitors, all of which in turn have had, and may have in the future, a strong negative effect on our revenues. See also *"The airline industry is intensely competitive and dynamic"* below.

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

Our operating results are materially impacted by changes in the availability, price volatility and cost of aircraft fuel, which represents one of the largest single cost items in our business. Jet fuel market prices have fluctuated substantially over the past several years and prices continue to be highly volatile.

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

Although we are currently able to obtain adequate supplies of aircraft fuel, we cannot predict the future availability, price volatility or cost of aircraft fuel. Natural disasters, political disruptions or wars involving oil-producing countries, changes in fuel-related governmental policy, the strength of the U.S. dollar against foreign currencies, changes in access to petroleum product pipelines and terminals, speculation in the energy futures markets, changes in aircraft fuel production capacity, environmental concerns and other unpredictable events may result in fuel supply shortages, additional fuel price volatility and cost increases in the future.

Our aviation fuel purchase contracts generally do not provide meaningful price protection against increases in fuel costs. Prior to the closing of the Merger, we sought to manage the risk of fuel price increases by using derivative contracts. Our current policy is not to enter into transactions to hedge our fuel consumption, although we review that policy from time to time based on market conditions and other factors. Accordingly, as of December 31, 2016, we did not have any fuel hedging contracts outstanding. As such, and assuming we do not enter into any future transactions to hedge our fuel consumption, we will continue to be fully exposed to fluctuations in fuel prices.

If in the future we enter into derivative contracts to hedge our fuel consumption, there can be no assurance that, at any given time, we will have derivatives in place to provide any particular level of protection against increased fuel costs or that our counterparties will be able to perform under our derivative contracts. To the extent we use derivative contracts that have the potential to create an obligation to pay upon settlement if prices decline significantly, such derivative contracts may limit our ability to benefit from lower fuel costs in the future. Also, a rapid decline in the projected price of fuel at a time when we have fuel hedging contracts in place could materially adversely impact our short-term liquidity, because hedge counterparties could require that we post collateral in the form of cash or letters of credit. See also the discussion in Part II, Item 7A. Quantitative and Qualitative Disclosures About Market Risk – "*Aircraft Fuel*."

The airline industry is intensely competitive and dynamic.

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

Low-cost carriers, including so-called ultra-low-cost carriers, have a profound impact on industry revenues. Using the advantage of low unit costs, these carriers offer lower fares in order to shift demand from larger, more established airlines, and represent significant competitors, particularly for customers who fly infrequently and are price sensitive and tend not to be loyal to any one particular carrier. A number of low-cost carriers have announced growth strategies including commitments to acquire significant numbers of aircraft for delivery in the next few years. These low-cost carriers are attempting to continue to increase their market share through growth and, potentially, consolidation, and could continue to have an impact on our revenues and overall performance. For example, as a result of divestitures completed in connection with gaining regulatory approval for the Merger, low-fare, low-cost carriers have gained additional access in a number of markets, including DCA, a slot-controlled airport. In addition, we and several other large network carriers have announced "basic economy" fares designed to compete against low-cost carriers and we cannot predict whether these initiatives will be successful or the competitive reaction of the low-cost carriers. The actions of the low-cost carriers, including those described above, could have a material adverse effect on our operations and financial performance.

Our presence in international markets is not as extensive as that of some of our competitors. In providing international air transportation, we compete to provide scheduled passenger and cargo service between the U.S. and various overseas locations with U.S. airlines, foreign investor-owned airlines and foreign state-owned or state-affiliated airlines, including carriers based in the Middle East, the three largest of which we believe benefit from significant government subsidies. Our international service exposes us to foreign economies and the potential for reduced demand, such as we have recently experienced in Brazil and Venezuela, when any foreign countries we serve suffer adverse local economic conditions. In addition, open skies agreements with an increasing number of countries around the world provide international airlines with open access to U.S. markets. See also *"Our business is subject to extensive government regulation, which may result in increases in our costs, disruptions to our operations, limits on our operating flexibility, reductions in the demand for air travel, and competitive disadvantages."*

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

We are party to antitrust-immunized cooperation agreements with British Airways, Iberia, Finnair, Royal Jordanian, Japan Airlines, LAN Airlines and LAN Peru. As part of the antitrust-immunized relationships, we have also established JBAs with British Airways, Iberia and Finnair, and separately with Japan Airlines. We signed a revised JBA with Qantas Airways and applied for antitrust immunity with the DOT for the revised relationship, but we withdrew that application in November 2016 after it was tentatively denied by the DOT. However, we expect that our existing, more limited cooperation with Qantas will continue, and we intend to file a new application for antitrust immunity with the DOT this year. In addition, we have signed JBAs with certain air carriers of the LATAM Airlines Group and have applied for approval in the relevant jurisdictions affected by such agreements, which applications are still pending before the relevant regulators. The foregoing arrangements are important aspects of our international network and we are dependent on the performance of the other airlines party to those agreements. No assurances can be given as to any benefits that we may derive from such arrangements or any other arrangements that may ultimately be implemented.

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

Ongoing data security requirements and obligations could increase our costs, and any significant data security incident could disrupt our operations and harm our reputation, business, results of operations and financial condition.

Our business requires the appropriate and secure utilization of customer, employee, business partner and other sensitive information, and confidence in the networks and systems that allow us to operate. We cannot be certain that we will not be the target of attacks on our networks and intrusions into our data, particularly given recent advances in technical capabilities, and increased financial and political motivations to carry out cyber-attacks on physical systems, gain unauthorized access to information, and make information unavailable for use through, for example, ransomware or denial-of-service attacks, and otherwise exploit new and existing vulnerabilities in our infrastructure. The risk of a data security incident or disruption, particularly through cyber-attack or cyber intrusion, including by computer hackers, foreign governments and cyber terrorists, has increased as the number, intensity and sophistication of attempted attacks and intrusions from around the world have increased. Furthermore, in response to these threats there has been heightened legislative and regulatory focus on attacks on critical infrastructures, including those in the transportation sector, and on data security in the U.S. and abroad (particularly in the EU), including requirements for varying levels of data subject notification in the event of a data security incident.

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

A significant data security incident or our failure to comply with applicable U.S. or foreign data security regulations or other data security standards may impact our brand and expose us to litigation and regulatory enforcement actions, resulting in fines, sanctions or other penalties. Such actions could further harm our reputation, adversely impact our relationship with our customers, employees, and stockholders, result in material financial impact, and disrupt business operations. Failure to appropriately address these issues could also give rise to similar legal risks and damages.

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

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

- may make it more difficult for us to satisfy our obligations under our indebtedness;
- may limit our ability to obtain additional funding for working capital, capital expenditures, acquisitions, investments, integration costs, and general corporate purposes, and adversely affect the terms on which such funding can be obtained;
- require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness and other obligations, thereby reducing the funds available for other purposes;
- make us more vulnerable to economic downturns, industry conditions and catastrophic external events, particularly relative to competitors with lower relative levels of financial leverage;
- contain covenants requiring us to maintain an aggregate of at least $2.0 billion of unrestricted cash and cash equivalents and amounts available to be drawn under revolving credit facilities;
- contain restrictive covenants that could:
    - limit our ability to merge, consolidate, sell assets, incur additional indebtedness, issue preferred stock, make investments and pay dividends;
    - significantly constrain our ability to respond, or respond quickly, to unexpected disruptions in our own operations, the U.S. or global economies, or the businesses in which we operate, or to take advantage of opportunities that would improve our business, operations, or competitive position versus other airlines;
    - limit our ability to withstand competitive pressures and reduce our flexibility in responding to changing business and economic conditions; and
    - result in an event of default under our indebtedness.

Further, a substantial portion of our indebtedness bears interest at fluctuating interest rates, primarily based on the London interbank offered rate for deposits of U.S. dollars (LIBOR). LIBOR tends to fluctuate based on general economic conditions, general interest rates, rates set by the Federal

Reserve and other central banks, and the supply of and demand for credit in the London interbank market. We have not hedged our interest rate exposure with respect to our floating rate debt. Accordingly, our interest expense for any particular period will fluctuate based on LIBOR and other variable interest rates. To the extent these interest rates increase, our interest expense will increase, in which event we may have difficulties making interest payments and funding our other fixed costs, and our available cash flow for general corporate requirements may be adversely affected. See also the discussion of interest rate risk in Part II, Item 7A. Quantitative and Qualitative Disclosures About Market Risk – "*Interest*."

These obligations also impact our ability to obtain additional financing, if needed, and our flexibility in the conduct of our business, and could materially adversely affect our liquidity, results of operations and financial condition.

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

Our business plan contemplates significant investments in modernizing our fleet. Significant capital resources will be required to execute this plan. We estimate that, based on our commitments as of December 31, 2016, our planned aggregate expenditures for aircraft purchase commitments and certain engines on a consolidated basis for calendar years 2017-2021 would be approximately $15.5 billion. Accordingly, we will need substantial financing or other capital resources to finance such aircraft. If we are unable to arrange financing for such aircraft at customary advance rates and on terms and conditions acceptable to us, we may need to use cash from operations or cash on hand to purchase such aircraft or may seek to negotiate deferrals for such aircraft with the aircraft manufacturers. Depending on numerous factors, many of which are out of our control, such as the state of the domestic and global economies, the capital and credit markets' view of our prospects and the airline industry in general, and the general availability of debt and equity capital at the time we seek capital, the financing or other capital resources that we will need may not be available to us, or may be available only on onerous terms and conditions. There can be no assurance that we will be successful in obtaining financing or other needed sources of capital to operate successfully. An inability to obtain necessary financing on acceptable terms would have a material adverse impact on our business, results of operations and financial condition.

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

Our pension funding obligations are significant. The amount of these obligations will depend on the performance of investments held in trust by the pension plans, interest rates for determining liabilities and actuarial experience. Currently, our minimum funding obligation for our pension plans is subject to favorable temporary funding rules that are scheduled to expire at the end of 2017. Our minimum pension funding obligations are likely to increase materially beginning in 2019, when we will be required to make contributions relating to the 2018 fiscal year. In addition, we may have significant obligations for other postretirement benefits, the ultimate amount of which depends on, among other things, the outcome of an adversary proceeding related to retiree medical and other postretirement benefits and life insurance obligations filed in the Chapter 11 Cases.

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

We have agreements with companies that process customer credit card transactions for the sale of air travel and other services. These agreements allow these processing companies, under certain conditions (including, with respect to certain agreements, the failure of American to maintain certain levels of liquidity) to hold an amount of our cash (a holdback) equal to some or all of the advance ticket

sales that have been processed by that credit card processor, but for which we have not yet provided the air transportation. We are not currently required to maintain any holdbacks pursuant to these requirements. These holdback requirements can be modified at the discretion of the credit card processing companies upon the occurrence of specific events, including material adverse changes in our financial condition. An increase in the current holdbacks, up to and including 100% of relevant advanced ticket sales, could materially reduce our liquidity. Likewise, other of our commercial agreements contain provisions that allow other entities to impose less-favorable terms, including the acceleration of amounts due, in the event of material adverse changes in our financial condition.

Union disputes, employee strikes and other labor-related disruptions may adversely affect our operations.

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

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

None of the unions representing our employees presently may lawfully engage in concerted refusals to work, such as strikes, slow-downs, sick-outs or other similar activity, against us. Nonetheless, there is a risk that disgruntled employees, either with or without union involvement, could engage in one or more concerted refusals to work that could individually or collectively harm the operation of our airline and impair our financial performance. See also Part I, Item 1. Business – "*Employees and Labor Relations*."

The inability to maintain labor costs at competitive levels would harm our financial performance.

Currently, we believe our labor costs are competitive relative to the other large network carriers. However, we cannot provide assurance that labor costs going forward will remain competitive because some of our agreements are amendable now and others may become amendable, competitors may significantly reduce their labor costs or we may agree to higher-cost provisions in our current or future labor negotiations, such as the employee profit sharing program we instituted effective January 1, 2016. As of December 31, 2016, approximately 85% of our employees were represented for collective bargaining purposes by labor unions. Some of our unions have brought and may continue to bring grievances to binding arbitration, including those related to wages. Unions may also bring court actions and may seek to compel us to engage in bargaining processes where we believe we have no such

obligation. If successful, there is a risk these judicial or arbitral avenues could create material additional costs that we did not anticipate.

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

We operate principally through hubs in Charlotte, Chicago, Dallas/Fort Worth, Los Angeles, Miami, New York, Philadelphia, Phoenix and Washington, D.C. Substantially all of our flights either originate in or fly into one of these locations. A significant interruption or disruption in service at one of our hubs resulting from air traffic control (ATC) delays, weather conditions, natural disasters, growth constraints, relations with third-party service providers, failure of computer systems, facility disruptions, labor relations, power supplies, fuel supplies, terrorist activities, or otherwise could result in the cancellation or delay of a significant portion of our flights and, as a result, could have a severe impact on our business, results of operations and financial condition.

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

In order to operate our existing and proposed flight schedule and, where desirable, add service along new or existing routes, we must be able to maintain and/or obtain adequate gates, check-in counters, operations areas and office space. As airports around the world become more congested, we are not always able to ensure that our plans for new service can be implemented in a commercially viable manner, given operating constraints at airports throughout our network, including due to inadequate facilities at desirable airports. Further, our operating costs at airports at which we operate, including our hubs, may increase significantly because of capital improvements at such airports that we may be required to fund, directly or indirectly. In some circumstances, such costs could be imposed by the relevant airport authority without our approval.

In addition, operations at three major domestic airports, certain smaller domestic airports and certain foreign airports served by us are regulated by governmental entities through the use of slots or similar regulatory mechanisms which limit the rights of carriers to conduct operations at those airports. Each slot represents the authorization to land at or take off from the particular airport during a specified time period and may have other operational restrictions as well. In the U.S., the FAA currently regulates the allocation of slots or slot exemptions at DCA and two New York City airports: JFK and LGA. In addition to slot restrictions, operations at LGA and DCA are also limited based on the stage length of the flight. Our operations at these airports generally require the allocation of slots or similar regulatory authority. Similarly, our operations at international airports in Beijing, Frankfurt, London Heathrow, Paris, Tokyo and other airports outside the U.S. are regulated by local slot authorities pursuant to the IATA Worldwide Scheduling Guidelines and applicable local law. We currently have sufficient slots or analogous authorizations to operate our existing flights and we have generally, but not always, been able to obtain the rights to expand our operations and to change our schedules. However, there is no assurance that we will be able to obtain sufficient slots or analogous authorizations in the future or as to the cost of acquiring such rights because, among other reasons, such allocations are often sought after by other airlines and are subject to changes in governmental policies. We cannot provide any assurance that regulatory changes regarding the allocation of slots or similar regulatory authority will not have a material adverse impact on our operations.

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

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

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

A significant portion of our regional operations are conducted by third-party operators on our behalf, primarily under capacity purchase agreements. Due to our reliance on third parties to provide these essential services, we are subject to the risks of disruptions to their operations, which may result from many of the same risk factors disclosed in this report, such as the impact of adverse economic conditions, the inability of third parties to hire or retain necessary personnel, including in particular pilots, and other risk factors, such as an out-of-court or bankruptcy restructuring of any of our regional operators. Many of these third-party regional operators provide significant regional capacity that we would be unable to replace in a short period of time should that operator fail to perform its obligations to us. Volatility in fuel prices, disruptions to capital markets and adverse economic conditions in general have subjected certain of these third-party regional operators to significant financial pressures, which have led to several bankruptcies among these operators. For example, one of our significant third-party operators of regional capacity, Republic Airways Holdings Inc. (Republic), commenced a Chapter 11 bankruptcy case on February 25, 2016. As part of Republic's restructuring process and with bankruptcy court approval, we entered into an amendment to our contractual relationship with Republic that, among other things, provided for the reduction in the number of aircraft operated by Republic on our behalf to 76 E175 aircraft (a reduction of 20 E170 and nine E175 aircraft). In addition, we have reached a settlement with Republic that has resulted in the allowance of an unsecured claim on behalf of American in the amount of $250 million, to compensate us in part for losses and damages that we incurred under the existing contract with Republic, which is expected to be settled in the form of common stock of the restructured company. It is not possible, at this point, however, to quantify the value of a recovery on such claim. We may also experience disruption to our regional operations if we terminate the capacity purchase agreement with one or more of our current operators and transition the services to another provider. Any significant disruption to our regional operations would have a material adverse effect on our business, results of operations and financial condition.

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

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

We rely on third-party distribution channels, including those provided by or through global distribution systems (GDSs) (e.g., Amadeus, Sabre and Travelport), conventional travel agents and online travel agents (OTAs) (e.g., Expedia, including its booking sites Orbitz and Travelocity, and The Priceline

Group), to distribute a significant portion of our airline tickets, and we expect in the future to continue to rely on these channels and hope to expand their ability to distribute and collect revenues for ancillary products (e.g., fees for selective seating). These distribution channels are more expensive and at present have less functionality in respect of ancillary product offerings than those we operate ourselves, such as our call centers and our website. Certain of these distribution channels also effectively restrict the manner in which we distribute our products generally. To remain competitive, we will need to manage successfully our distribution costs and rights, increase our distribution flexibility and improve the functionality of third-party distribution channels, while maintaining an industry-competitive cost structure. These imperatives may affect our relationships with GDSs and OTAs, including as consolidation of OTAs continues or is proposed to continue, and require us to make significant investments in potential new distribution technologies. Any inability to manage our third-party distribution costs, rights and functionality at a competitive level or any material diminishment or disruption in the distribution of our tickets could have a material adverse effect on our business, results of operations and financial condition.

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

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

For example, the FAA from time to time issues directives and other regulations relating to the maintenance and operation of aircraft that require significant expenditures or operational restrictions. These requirements can be issued with little or no notice, or can otherwise impact our ability to efficiently or fully utilize our aircraft. Additionally, our failure to comply with such requirements has in the past and may in the future result in fines and other enforcement actions by the FAA or other regulators. In the future, new regulatory requirements could have a material adverse effect on us and the industry.

DOT consumer rules that took effect in 2010 require procedures for customer handling during long onboard delays, further regulate airline interactions with passengers through the reservations process, at the airport, and onboard the aircraft, and require disclosures concerning airline fares and ancillary fees such as baggage fees. The DOT has been aggressively investigating alleged violations of these rules. Other DOT rules apply to post-ticket purchase price increases and an expansion of tarmac delay regulations to international airlines.

The Aviation and Transportation Security Act mandates the federalization of certain airport security procedures and imposes additional security requirements on airports and airlines, most of which are funded by a per-ticket tax on passengers and a tax on airlines.

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

- changes in law which affect the services that can be offered by airlines in particular markets and at particular airports, or the types of fees that can be charged to passengers;
- the granting and timing of certain governmental approvals (including antitrust or foreign government approvals) needed for codesharing alliances, joint businesses and other arrangements with other airlines;

- restrictions on competitive practices (for example, court orders, or agency regulations or orders, that would curtail an airline's ability to respond to a competitor);
- the adoption of new passenger security standards or regulations that impact customer service standards (for example, a "passenger bill of rights");
- restrictions on airport operations, such as restrictions on the use of slots at airports or the auction or reallocation of slot rights currently held by us; and
- the adoption of more restrictive locally-imposed noise restrictions.

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

Any significant reduction in air traffic capacity at and in the airspace serving key airports in the U.S. or overseas could have a material adverse effect on our business, results of operations and financial condition. In addition, the United States National Airspace System (the ATC system) is not successfully managing the growing demand for U.S. air travel. Air traffic controllers rely on outdated procedures and technologies that are routinely overwhelmed and compel airlines to fly inefficient routes or take significant delays on the ground. The ATC system's inability to handle existing travel demand has led government agencies to implement short-term capacity constraints during peak travel periods or adverse weather conditions in certain markets, resulting in delays and disruptions of air traffic. The outdated technologies also cause the ATC to be less resilient in the event of a failure. For example, in 2014 the ATC systems in Chicago took weeks to recover following a fire in the ATC tower at ORD, which resulted in thousands of cancelled flights.

The FAA has embarked on transforming the national airspace system, to include migration from the current radar-based air traffic control system to a GPS-based system. This ATC modernization, generally referred to as "NextGen," has been plagued by delays and cost overruns, and it remains uncertain when the full array of benefits expected from ATC modernization will be available to the public and the airlines. Failure to update the ATC system in a timely manner and the substantial funding requirements that may be imposed on airlines of a modernized ATC system may have a material adverse effect on our business. We support legislative efforts that would establish a nimble not-for-profit entity better suited to manage the long-term investments in technology and provide a governance structure needed to successfully implement NextGen and improve the operation of the air traffic control system.

Our operating authority in international markets is subject to aviation agreements between the U.S. and the respective countries or governmental authorities, such as the EU, and in some cases, fares and schedules require the approval of the DOT and/or the relevant foreign governments. Moreover, alliances with international carriers may be subject to the jurisdiction and regulations of various foreign agencies. Bilateral and multilateral agreements among the U.S. and various foreign governments of countries we serve are subject to periodic renegotiation. We currently operate a number of international routes under government arrangements that limit the number of airlines permitted to operate on the route, the capacity of the airlines providing services on the route, or the number of airlines allowed access to particular airports. If an open skies policy were to be adopted for any of these routes, such an event could have a material adverse impact on us and could result in the impairment of material amounts of our related tangible and intangible assets. In addition, competition from revenue-sharing joint ventures, JBAs, and other alliance arrangements by and among other airlines could impair the value of our business and assets on the open skies routes. For example, the open skies air services agreement between the U.S. and the EU, which took effect in March 2008,

provides airlines from the U.S. and EU member states open access to each other's markets, with freedom of pricing and unlimited rights to fly from the U.S. to any airport in the EU, including LHR. As a result of the agreement, we face increased competition in these markets, including LHR. Changes in U.S. or foreign government aviation policies could result in the alteration or termination of such agreements, diminish the value of route authorities, slots or other assets located abroad, or otherwise adversely affect our international operations. The U.S. government has negotiated "open skies" agreements with many countries, which allow unrestricted route authority access between the U.S. and the foreign markets. While the U.S. has worked to increase the number of countries with which open skies agreements are in effect, a number of markets important to us, including China, do not have open skies agreements.

The airline industry is heavily taxed.

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

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

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

We have recently instituted, and intend to institute in the future, changes to our business model to increase revenues and offset costs. These measures include premium economy service, basic economy service and charging separately for services that had previously been included within the price of a ticket and increasing other pre-existing fees. We may introduce additional initiatives in the future; however, as time goes on, we expect that it will be more difficult to identify and implement additional initiatives. We cannot assure you that these measures or any future initiatives will be successful in increasing our revenues. Additionally, the implementation of these initiatives may create logistical challenges that could harm the operational performance of our airline. Also, any new and increased fees might reduce the demand for air travel on our airline or across the industry in general, particularly if weakened economic conditions make our customers more sensitive to increased travel costs or provide a significant competitive advantage to other carriers that determine not to institute similar charges.

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

We believe that our future success will depend in large part on our ability to retain or attract highly qualified management, technical and other personnel. We may not be successful in retaining key personnel or in attracting other highly qualified personnel. Any inability to retain or attract significant numbers of qualified management and other personnel would have a material adverse effect on our business, results of operations and financial condition.

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

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

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

We operate a global business with operations outside of the U.S. Our current international activities and prospects have been and in the future could be adversely affected by reversals or delays in the opening of foreign markets, increased competition in international markets, the performance of our alliance, joint business and codeshare partners in a given market, exchange controls or other restrictions on repatriation of funds, currency and political risks (including changes in exchange rates and currency devaluations), environmental regulation, increases in taxes and fees and changes in international government regulation of our operations, including the inability to obtain or retain needed route authorities and/or slots. In particular, fluctuations in foreign currencies, including devaluations, exchange controls and other restrictions on the repatriation of funds, have significantly affected and may continue to significantly affect our operating performance, liquidity and the value of any cash held outside the U.S. in local currency.

Generally, fluctuations in foreign currencies, including devaluations, cannot be predicted by us and can significantly affect the value of our assets located outside the United States. These conditions, as well as any further delays, devaluations or imposition of more stringent repatriation restrictions, may materially adversely affect our business, results of operations and financial condition.

The United Kingdom held a referendum in June 2016 regarding its membership in the EU in which a majority of the United Kingdom electorate voted in favor of the British government taking the necessary action for the United Kingdom to leave the EU. At this time, it is not certain what steps will need to be taken to facilitate the United Kingdom's exit from the EU or the length of time, expected to be measured in years, that this may take. The referendum was advisory, and the terms of any withdrawal are subject to a negotiation period that could last at least two years after the government of the United Kingdom formally initiates a withdrawal process. The implications of the United Kingdom withdrawing from the EU are similarly unclear at present because it is unclear what relationship the United Kingdom will have with the EU after withdrawal. We face risks associated with the uncertainty following the referendum and the consequences that may flow from the decision to exit the EU. Among other things, the exit of the United Kingdom from the EU could adversely affect European or worldwide economic or market conditions and could contribute to further instability in global financial markets. In addition, the exit of the United Kingdom from the EU could lead to legal and regulatory uncertainty and potentially divergent treaties, laws and regulations as the United Kingdom determines which EU treaties, laws and regulations to replace or replicate, including those governing aviation, labor, environmental, data protection/privacy, competition and other matters applicable to the provision of air transportation services by us or our alliance, joint business or codeshare partners. The impact on our business of any treaties, laws and regulations that replace the existing EU counterparts cannot be predicted. Any of these effects, and others we cannot anticipate, could materially adversely affect our business, results of operations and financial condition.

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

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

We are also subject to other environmental laws and regulations, including those that require us to investigate and remediate soil or groundwater to meet certain remediation standards. Under federal law, generators of waste materials, and current and former owners or operators of facilities, can be subject to liability for investigation and remediation costs at locations that have been identified as requiring response actions. Liability under these laws may be strict, joint and several, meaning that we could be liable for the costs of cleaning up environmental contamination regardless of fault or the amount of waste directly attributable to us. We have liability for investigation and remediation costs at various sites, although such costs currently are not expected to have a material adverse effect on our business.

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

Governmental authorities in several U.S. and foreign cities are also considering, or have already implemented, aircraft noise reduction programs, including the imposition of nighttime curfews and limitations on daytime take offs and landings. We have been able to accommodate local noise restrictions imposed to date, but our operations could be adversely affected if locally-imposed regulations become more restrictive or widespread.

We are subject to risks associated with climate change, including increased regulation to reduce emissions of greenhouse gases.

There is increasing global regulatory focus on climate change and GHG emissions. For example, in October 2016, ICAO passed a resolution adopting the CORSIA, which is a global, market-based emissions offset program to encourage carbon-neutral growth beyond 2020. The CORSIA was supported by the board of Airlines For America (the principal U.S. airline trade association) and IATA (the principal international airline trade association), and by American and many other U.S. and foreign airlines. The CORSIA will increase operating costs for American and most other airlines, including other U.S. airlines that operate internationally, but the implementation of a global program, as compared to regional emission reduction schemes, should help to ensure that these costs will be more predictable and more evenly applied to American and its competitors. The CORSIA is expected to be implemented in phases, beginning in 2021. Certain details still need to be developed and the impact of the CORSIA cannot be fully predicted. While we do not anticipate any significant emissions allowance expenditures in 2017, compliance with the CORSIA or similar emissions-related requirements could significantly increase our operating costs beyond 2017. Further, the potential impact of the CORSIA or other emissions-related requirements on our costs will ultimately depend on a number of factors, including baseline emissions, the price of emission allowances or offsets and the number of future flights subject to such emissions-related requirements. These costs have not been completely defined and could fluctuate.

In addition, in December 2015, at the 21st Conference of the Parties to the United Nations Framework Convention on Climate Change (UNFCCC's COP21), over 190 countries, including the United States, reached an agreement to reduce global greenhouse gas emissions. While there is no express reference to aviation in this international agreement, to the extent the United States and other countries implement this agreement or impose other climate change regulations, either with respect to the aviation industry or with respect to related industries such as the aviation fuel industry, it could have an adverse direct or indirect effect on our business.

The EPA recently issued an endangerment finding that aircraft engine GHG emissions cause or contribute to air pollution that may reasonably be anticipated to endanger public health or welfare, which is a precursor to EPA regulation of aircraft engine GHG emission standards. It is anticipated that any such standards established by the EPA would closely align with emission standards currently being developed by ICAO. In February 2016, the ICAO Committee on Aviation Environmental Protection recommended that ICAO adopt carbon dioxide certification standards that would apply to new type aircraft certified beginning in 2020, and would be phased in for newly manufactured existing aircraft type designs starting in 2023.

In addition, several states have adopted or are considering initiatives to regulate emissions of GHGs, primarily through the planned development of GHG emissions inventories and/or regional GHG cap and trade programs. Depending on the scope of such regulation, certain of our facilities and operations, or the operations of our suppliers, may be subject to additional operating and other permit requirements, likely resulting in increased operating costs.

These regulatory efforts, both internationally and in the U.S. at the federal and state levels, are still developing, and we cannot yet determine what the final regulatory programs or their impact will be in

the U.S., the EU or in other areas in which we do business. However, such climate change-related regulatory activity in the future may adversely affect our business and financial results by requiring us to reduce our emissions, purchase allowances or otherwise pay for our emissions. Such activity may also impact us indirectly by increasing our operating costs, including fuel costs.

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

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

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

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

Among the principal risks of integrating our businesses and operations are the risks relating to integrating various computer, communications and other technology systems that will be necessary to operate US Airways and American as a single airline and to achieve cost synergies by eliminating redundancies in the businesses. While we have to date successfully integrated several of our systems, including our customer reservations system and our pilot and fleet scheduling system, we still have to complete several additional important system integration projects. The integration of these systems in a number of prior airline mergers has taken longer, been more disruptive and cost more than originally forecast. The implementation process to integrate these various systems will involve a number of risks that could adversely impact our business, results of operations and financial condition. New systems will replace multiple legacy systems and the related implementation will be a complex and time-consuming project involving substantial expenditures for implementation consultants, system hardware, software and implementation activities, as well as the transformation of business and financial processes.

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

We are at risk of losses and adverse publicity stemming from any accident involving our aircraft or the aircraft of our regional or codeshare operators.

If one of our aircraft, an aircraft that is operated under our brand by one of our regional operators, or an aircraft that is operated by an airline with which we have a marketing alliance, joint business or codeshare relationship were to be involved in an accident, incident or catastrophe, we could be exposed to significant tort liability. The insurance we carry to cover damages arising from any future accidents may be inadequate. In the event that our insurance is not adequate, we may be forced to bear substantial losses from an accident. In addition, any accident, incident or catastrophe involving an aircraft operated by us, operated under our brand by one of our regional operators or operated by one of our codeshare partners could create a public perception that our aircraft or those of our regional operators or codeshare partners are not safe or reliable, which could harm our reputation, result in air travelers being reluctant to fly on our aircraft or those of our regional operators or codeshare partners, and adversely impact our business, results of operations and financial condition.

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

The success of our business depends on, among other things, effectively managing the number and types of aircraft we operate. In many cases, the aircraft we intend to operate are not yet in our fleet, but we have contractual commitments to purchase or lease them. If for any reason we were unable to accept or secure deliveries of new aircraft on contractually scheduled delivery dates, this could have a negative impact on our business, results of operations and financial condition. Our failure to integrate newly purchased aircraft into our fleet as planned might require us to seek extensions of the terms for some leased aircraft or otherwise delay the exit of certain aircraft from our fleet. Such unanticipated extensions or delays may require us to operate existing aircraft beyond the point at which it is economically optimal to retire them, resulting in increased maintenance costs. If new aircraft orders are not filled on a timely basis, we could face higher operating costs than planned. In addition, if the aircraft we receive do not meet expected performance or quality standards, including with respect to fuel efficiency and reliability, our business, results of operations and financial condition could be adversely impacted.

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

We depend on a limited number of suppliers for aircraft, aircraft engines and many aircraft and engine parts. As a result, we are vulnerable to any problems associated with the supply of those aircraft, parts and engines, including design defects, mechanical problems, contractual performance by the suppliers, or adverse perception by the public that would result in customer avoidance or in actions by the FAA resulting in an inability to operate our aircraft.

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

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

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

In particular, an outbreak of a contagious disease such as the Ebola virus, Middle East Respiratory Syndrome, Severe Acute Respiratory Syndrome, H1N1 influenza virus, avian flu, Zika virus or any other similar illness, if it were to become associated with air travel or persist for an extended period, could materially affect the airline industry and us by reducing revenues and adversely impacting our operations and passengers' travel behavior. As a result of these or other conditions beyond our control, our results of operations could be volatile and subject to rapid and unexpected change. In addition, due to generally weaker demand for air travel during the winter, our revenues in the first and fourth quarters of the year could be weaker than revenues in the second and third quarters of the year.

A higher than normal number of pilot retirements, more stringent duty time regulations, increased flight hour requirements for commercial airline pilots and other factors have caused a shortage of pilots which could materially adversely affect our business.

We currently have a higher than normal number of pilots eligible for retirement. Among other things, the extension of pilot careers facilitated by the FAA's 2007 modification of the mandatory retirement age from age 60 to age 65 has now been fully implemented, resulting in large numbers of pilots in the industry approaching the revised mandatory retirement age. Further, in July 2013, the FAA issued regulations that increased the flight hours required for pilots working for airlines certificated under Part 121 of the Federal Aviation Regulations. In addition, on January 4, 2014, more stringent pilot flight and duty time requirements under Part 117 of the Federal Aviation Regulations took effect. These and other factors, including reductions in the number of military pilots being trained by the U.S. armed forces and available as commercial pilots upon their retirement from military service, have contributed to a shortage of qualified, entry-level pilots and increased compensation costs, particularly for our regional subsidiaries and our other regional partners who are being required by market conditions to pay significantly increased wages and large signing bonuses to their pilots in an attempt to achieve desired staffing levels. The foregoing factors have also led to increased competition from large, mainline carriers to hire pilots to replace retiring pilots. We believe that this industry-wide pilot shortage is becoming an increasing problem for airlines in the United States. Our regional partners have recently been unable to hire adequate numbers of pilots to meet their needs, resulting in a reduction in the number of flights offered, disruptions, increased costs of operations, financial difficulties and other adverse effects, and these circumstances may become more severe in the future and thereby cause a material adverse effect on our business.

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

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

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

From time to time, we are a party to or otherwise involved in legal proceedings, claims and government inspections or investigations and other legal matters, both inside and outside the United States, arising in the ordinary course of our business or otherwise. We are currently involved in various legal proceedings and claims that have not yet been fully resolved, and additional claims may arise in the future. Legal proceedings can be complex and take many months, or even years, to reach resolution, with the final outcome depending on a number of variables, some of which are not within our control. Litigation is subject to significant uncertainty and may be expensive, time-consuming, and disruptive to our operations. Although we will vigorously defend ourselves in such legal proceedings, their ultimate resolution and potential financial and other impacts on us are uncertain. For these and other reasons, we may choose to settle legal proceedings and claims, regardless of their actual merit. If a legal proceeding is resolved against us, it could result in significant compensatory damages, and in certain circumstances punitive or trebled damages, disgorgement of revenue or profits, remedial corporate measures or injunctive relief imposed on us. If our existing insurance does not cover the amount or types of damages awarded, or if other resolution or actions taken as a result of the legal proceeding were to restrain our ability to operate or market our services, our consolidated financial position, results of operations or cash flows could be materially adversely affected. In addition, legal proceedings, and any adverse resolution thereof, can result in adverse publicity and damage to our reputation, which could adversely impact our business. Additional information regarding certain legal matters in which we are involved can be found in Part I, Item 3. Legal Proceedings.

Our ability to utilize our NOL Carryforwards may be limited.

Under the Internal Revenue Code of 1986, as amended (the Code), a corporation is generally allowed a deduction for net operating losses (NOLs) carried over from prior taxable years (NOL Carryforwards). As of December 31, 2016, we had available NOL Carryforwards of approximately $10.5 billion for regular federal income tax purposes which will expire, if unused, beginning in 2022, and approximately $3.7 billion for state income tax purposes which will expire, if unused, between 2017 and 2036. Our NOL Carryforwards are subject to adjustment on audit by the Internal Revenue Service and the respective state taxing authorities.

A corporation’s ability to deduct its federal NOL Carryforwards and to utilize certain other available tax attributes can be substantially constrained under the general annual limitation rules of Section 382 of the Code (Section 382) if it undergoes an “ownership change” as defined in Section 382 (generally where cumulative stock ownership changes among material stockholders exceed 50 percent during a rolling three-year period). We experienced an ownership change in connection with our emergence

from the Chapter 11 Cases and US Airways Group experienced an ownership change in connection with the Merger. The general limitation rules for a debtor in a bankruptcy case are liberalized where the ownership change occurs upon emergence from bankruptcy. We elected to be covered by certain special rules for federal income tax purposes that permitted approximately $9.0 billion (with $8.9 billion of unlimited NOL still remaining at December 31, 2016) of our federal NOL Carryforwards to be utilized without regard to the annual limitation generally imposed by Section 382. If the special rules are determined not to apply, our ability to utilize such federal NOL Carryforwards may be subject to limitation. Substantially all of our remaining federal NOL Carryforwards (attributable to US Airways Group and its subsidiaries) are subject to limitation under Section 382 as a result of the Merger; however, our ability to utilize such NOL Carryforwards is not anticipated to be effectively constrained as a result of such limitation. Similar limitations may apply for state income tax purposes.

Notwithstanding the foregoing, an ownership change subsequent to our emergence from the Chapter 11 Cases may severely limit or effectively eliminate our ability to utilize our NOL Carryforwards and other tax attributes. To reduce the risk of a potential adverse effect on our ability to utilize our NOL Carryforwards, our Restated Certificate of Incorporation (Certificate of Incorporation) contains transfer restrictions applicable to certain substantial stockholders. These restrictions may adversely affect the ability of certain holders of AAG common stock to dispose of or acquire shares of AAG common stock. Although the purpose of these transfer restrictions is to prevent an ownership change from occurring, no assurance can be given that an ownership change will not occur even with these restrictions in place.

Our ability to use our NOL Carryforwards also will depend on the amount of taxable income generated in future periods. The NOL Carryforwards may expire before we can generate sufficient taxable income to use them.

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

Goodwill is not amortized, but is assessed for impairment at least annually. In accordance with applicable accounting standards, we are required to assess our indefinite-lived intangible assets for impairment on an annual basis, or more frequently if conditions indicate that an impairment may have occurred. In addition, we are required to assess certain of our other long-lived assets for impairment if conditions indicate that an impairment may have occurred.

Future impairment of goodwill or other long-lived assets could be recorded in results of operations as a result of changes in assumptions, estimates, or circumstances, some of which are beyond our control. There can be no assurance that a material impairment charge of goodwill or tangible or intangible assets will be avoided. The value of our aircraft could be impacted in future periods by changes in supply and demand for these aircraft. Such changes in supply and demand for certain aircraft types could result from grounding of aircraft by us or other airlines. An impairment charge could have a material adverse effect on our business, results of operations and financial condition.

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

The market price of AAG common stock may fluctuate substantially due to a variety of factors, many of which are beyond our control, including:

- AAG's operating and financial results failing to meet the expectations of securities analysts or investors;
- changes in financial estimates or recommendations by securities analysts;

- material announcements by us or our competitors;
- movements in fuel prices;
- expectations regarding our capital deployment program, including our share repurchase program and any future dividend payments that may be declared by our Board of Directors;
- new regulatory pronouncements and changes in regulatory guidelines;
- general and industry-specific economic conditions;
- the success or failure of AAG's integration efforts;
- changes in our key personnel;
- distributions of shares of AAG common stock pursuant to the Plan, including distributions from the disputed claims reserve established under the plan of reorganization upon the resolution of the underlying claims;
- public sales of a substantial number of shares of AAG common stock or issuances of AAG common stock upon the exercise or conversion of convertible securities, options, warrants, restricted stock unit awards, stock appreciation rights, or similar rights;
- increases or decreases in reported holdings by insiders or other significant stockholders;
- fluctuations in trading volume; and
- changes in market values of airline companies as well as general market conditions.

We cannot guarantee that we will repurchase our common stock pursuant to our share repurchase programs or continue to pay dividends on our common stock or that our capital deployment program will enhance long-term stockholder value. Our capital deployment program could increase the volatility of the price of our common stock and diminish our cash reserves.

Since July 2014 and through December 31, 2016, as part of our capital deployment program, we expended an aggregate of $9.0 billion to repurchase shares of our common stock under several share repurchase programs approved by our Board of Directors, and in January 2017, our Board of Directors authorized a new $2.0 billion share repurchase program that expires on December 31, 2018. Share repurchases under our share repurchase programs may be made through a variety of methods, which may include open market purchases, privately negotiated transactions, block trades or accelerated share repurchase transactions. These share repurchase programs do not obligate us to acquire any specific number of shares or to repurchase any specific number of shares for any fixed period, and may be suspended at any time at our discretion. The timing and amount of repurchases, if any, will be subject to market and economic conditions, applicable legal requirements and other relevant factors. The repurchase programs may be limited, suspended or discontinued at any time without prior notice.

Although our Board of Directors commenced declaring quarterly cash dividends in July 2014 as part of our capital deployment program, any future dividends that may be declared and paid from time to time will be subject to market and economic conditions, applicable legal requirements and other relevant factors. We are not obligated to continue a dividend for any fixed period, and payment of dividends may be suspended at any time at our discretion. We will continue to retain future earnings to develop our business, as opportunities arise, and evaluate on a quarterly basis the amount and timing of future dividends based on our operating results, financial condition, capital requirements and general business conditions. The amount and timing of any future dividends may vary, and the payment of any dividend does not assure that we will be able to pay dividends in the future.

In addition, repurchases of AAG common stock pursuant to our share repurchase programs and any future dividends could affect our stock price and increase its volatility. The existence of a share

repurchase program and any future dividends could cause our stock price to be higher than it would otherwise be and could potentially reduce the market liquidity for our stock. Additionally, our share repurchase programs and any future dividends will diminish our cash reserves, which may impact our ability to finance future growth and to pursue possible future strategic opportunities and acquisitions. Further, our share repurchase programs may fluctuate such that our cash flow may be insufficient to fully cover our share repurchases. Although our share repurchase programs are intended to enhance long-term stockholder value, there is no assurance that it will do so because the market price of our common stock may decline below the levels at which we repurchased shares of stock and short-term stock price fluctuations could reduce the program's effectiveness.

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

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

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

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

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

Our Certificate of Incorporation and Bylaws include certain provisions that limit voting and ownership and disposition of our equity interests. These restrictions may adversely affect the ability of certain holders of AAG common stock and our other equity interests to vote such interests and adversely affect the ability of persons to acquire shares of AAG common stock and our other equity interests.

ITEM 1B. UNRESOLVED STAFF COMMENTS

The Company had no unresolved Securities and Exchange Commission staff comments at December 31, 2016.

ITEM 2. PROPERTIES

Flight Equipment and Fleet Renewal

As of December 31, 2016, American operated a mainline fleet of 930 aircraft. In 2016, we continued our extensive fleet renewal program, which has provided us with the youngest fleet of the major U.S. network carriers. During 2016, American took delivery of 55 new mainline aircraft and retired 71 aircraft. We are supported by our wholly-owned and third-party regional carriers that fly under capacity purchase agreements operating as American Eagle. As of December 31, 2016, American Eagle operated 606 regional aircraft. During 2016, we increased our regional fleet by 61 regional aircraft, we removed and placed in temporary storage one Embraer ERJ 140 aircraft and retired 41 other regional aircraft.

Mainline

As of December 31, 2016, American's mainline fleet consisted of the following aircraft:

	Average Seating Capacity	Average Age (Years)	Owned	Leased	Total
Airbus A319	128	12.8	19	106	125
Airbus A320	150	15.5	10	41	51
Airbus A321	178	4.9	153	46	199
Airbus A330-200	258	5.0	15	—	15
Airbus A330-300	291	16.4	4	5	9
Boeing 737-800	160	7.7	123	161	284
Boeing 757-200	179	17.9	39	12	51
Boeing 767-300ER	211	19.5	28	3	31
Boeing 777-200ER	263	16.0	44	3	47
Boeing 777-300ER	310	2.8	18	2	20
Boeing 787-8	226	1.3	17	—	17
Boeing 787-9	285	0.2	4	—	4
Embraer 190	99	9.2	20	—	20
McDonnell Douglas MD-80	140	22.0	25	32	57
Total		10.3	519	411	930

Regional

As of December 31, 2016, the fleet of our wholly-owned and third-party regional carriers operating as American Eagle consisted of the following aircraft:

	Average Seating Capacity	Owned	Leased	Owned or Leased by Regional Carrier	Total	Operating Regional Carrier	Number of Aircraft Operated
Bombardier CRJ 200	50	12	23	85	120	Air Wisconsin	65
						PSA	35
						ExpressJet	11
						SkyWest	9
						Total	120
Bombardier CRJ 700	66	54	7	18	79	Envoy	35
						PSA	26
						SkyWest	18
						Total	79
Bombardier CRJ 900	77	54	—	64	118	Mesa	64
						PSA	54
						Total	118
De Havilland Dash 8-100	37	23	—	—	23	Piedmont	23
De Havilland Dash 8-300	48	—	11	—	11	Piedmont	11
Embraer ERJ 175	77	48	—	76	124	Republic	76
						Envoy	28
						Compass	20
						Total	124
Embraer ERJ 140 [1]	44	13	—	—	13	Envoy	13
Embraer ERJ 145	50	118	—	—	118	Envoy	77
						Trans States	15
						ExpressJet	14
						Piedmont	12
						Total	118
Total		322	41	243	606		606

[1] Excluded from the total operating aircraft count above are 46 owned Embraer ERJ 140s that are being held in temporary storage.

See Note 11 to AAG's Consolidated Financial Statements in Part II, Item 8A and Note 9 to American's Consolidated Financial Statements in Part II, Item 8B for additional information on our capacity purchase agreements with third-party regional carriers.

Aircraft and Engine Purchase Commitments

As of December 31, 2016, we had definitive purchase agreements with Airbus, Boeing and Embraer for the acquisition of the following mainline and regional aircraft:

	2017	2018	2019	2020	2021	2022 and Thereafter	Total
Airbus							
A320 Family	20	—	—	—	—	—	20
A320neo Family	—	—	25	25	25	25	100
A350 XWB	—	2	5	5	5	5	22
Boeing							
737-800	20	—	—	—	—	—	20
737 MAX Family	4	16	20	20	20	20	100
787 Family	13	8	—	—	—	—	21
Embraer							
ERJ175 [(1)]	12	—	—	—	—	—	12
Total	69	26	50	50	50	50	295

[(1)] These aircraft may be operated by wholly-owned regional subsidiaries or leased to third-party regional carriers which would operate the aircraft under capacity purchase arrangements.

We also have agreements for 42 spare engines to be delivered in 2017 and beyond.

We do not have financing commitments for the following aircraft currently on order and scheduled to be delivered through 2017: 12 Boeing 737-800 aircraft, nine Airbus A320 family aircraft, eight Boeing 787 family aircraft and four Boeing 737 MAX family aircraft. In addition, we do not have financing commitments in place for substantially all aircraft currently on order and scheduled to be delivered in 2018 and beyond. See Part I, Item 1A. Risk Factors –*"We will need to obtain sufficient financing or other capital to operate successfully"* for additional discussion.

See Note 11 to AAG's Consolidated Financial Statements in Part II, Item 8A and Note 9 to American's Consolidated Financial Statements in Part II, Item 8B for additional information on aircraft and engine acquisition commitments.

Other Information

For information concerning the estimated useful lives and residual values for owned aircraft and terms for leased aircraft, see Note 1 and Note 11 to AAG's Consolidated Financial Statements in Part II, Item 8A and Note 1 and Note 9 to American's Consolidated Financial Statements in Part II, Item 8B.

Ground Properties

At each airport where we conduct flight operations, we lease passenger, operations and baggage handling space, generally from the airport operator, but in some cases on a subleased basis from other airlines. Our agreements with airports also provide for the non-exclusive use of runways, taxiways and other improvements and facilities; landing fees under these agreements typically are based on the number of landings and weight of aircraft. These leases and use agreements generally contain provisions for periodic adjustments of lease rates, landing fees and other charges applicable under that type of agreement. Additionally, our main operational facilities are associated with our hubs. At these locations and in other cities we serve, we maintain administrative offices, catering, cargo, training, maintenance and other facilities, in each case as necessary to support our operations in the particular city.

We own our corporate headquarters buildings in Fort Worth, Texas. We lease or have built on leased property our training facilities in Fort Worth, Texas, our principal overhaul and maintenance base in Tulsa, Oklahoma, our regional reservation offices and administrative offices throughout the U.S. and abroad. In 2016, we broke ground on our new headquarters campus in Fort Worth, Texas, which will be named after former American Chairman and Chief Executive Officer, Robert Crandall.

For information concerning the estimated lives for owned ground properties and terms for lease properties, see Note 1 and Note 11 to AAG's Consolidated Financial Statements in Part II, Item 8A and Note 1 and Note 9 to American's Consolidated Financial Statements in Part II, Item 8B.

ITEM 3. LEGALPROCEEDINGS

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

Pursuant to rulings of the Bankruptcy Court, the Plan established the Disputed Claims Reserve to hold shares of AAG common stock reserved for issuance to disputed claimholders at the Effective Date that ultimately become holders of allowed claims. As of December 31, 2016, there were approximately 25.2 million shares of AAG common stock remaining in the Disputed Claims Reserve. As disputed claims are resolved, the claimants will receive distributions of shares from the Disputed Claims Reserve on the same basis as if such distributions had been made on or about the Effective Date. However, we are not required to distribute additional shares above the limits contemplated by the Plan, even if the shares remaining for distribution are not sufficient to fully pay any additional allowed unsecured claims. To the extent that any of the reserved shares remain undistributed upon resolution of all remaining disputed claims, such shares will not be returned to us but rather will be distributed to former AMR stockholders.

There is also pending in the Bankruptcy Court an adversary proceeding relating to an action brought by American to seek a determination that certain non-pension, postemployment benefits are not vested benefits and thus may be modified or terminated without liability to American. On April 18, 2014, the Bankruptcy Court granted American's motion for summary judgment with respect to certain non-union employees, concluding that their benefits were not vested and could be terminated. The summary judgment motion was denied with respect to all other retirees. The Bankruptcy Court has not yet scheduled a trial on the merits concerning whether those retirees' benefits are vested, and American cannot predict whether it will receive relief from obligations to provide benefits to any of those retirees. Our financial statements presently reflect these retirement programs without giving effect to any modification or termination of benefits that may ultimately be implemented based upon the outcome of this proceeding.

DOJ Antitrust Civil Investigative Demand. In June 2015, we received a Civil Investigative Demand (CID) from the DOJ as part of an investigation into whether there have been illegal agreements or coordination of air passenger capacity. The CID seeks documents and other information from us, and other airlines have announced that they have received similar requests. We are cooperating fully with the DOJ investigation. In addition, subsequent to announcement of the delivery of CIDs by the DOJ, we, along with Delta Air Lines, Inc., Southwest Airlines Co., United Airlines, Inc. and, in the case of litigation filed in Canada, Air Canada, have been named as defendants in approximately 100 putative class action lawsuits alleging unlawful agreements with respect to air passenger capacity. The U.S. lawsuits have been consolidated in the Federal District Court for the District of Columbia. On October 28, 2016, the Court denied a motion by the airline defendants to dismiss all claims in the class actions. Both the DOJ investigation and these lawsuits are in their relatively early stages and we intend to defend these matters vigorously.

Private Party Antitrust Action. On July 2, 2013, a lawsuit captioned Carolyn Fjord, et al., v. US Airways Group, Inc., et al., was filed in the United States District Court for the Northern District of California. The complaint named as defendants US Airways Group and US Airways, alleged that the effect of the Merger may be to create a monopoly in violation of Section 7 of the Clayton Antitrust Act, and sought injunctive relief and/or divestiture. On August 6, 2013, the plaintiffs re-filed their complaint

in the Bankruptcy Court, adding AMR and American as defendants. On November 27, 2013, the Bankruptcy Court denied plaintiffs' motion to preliminarily enjoin the Merger. On August 19, 2015, after three previous largely unsuccessful attempts to amend their complaint, plaintiffs filed a fourth motion for leave to file an amended and supplemental complaint to add a claim for damages and demand for jury trial, as well as claims similar to those in the putative class action lawsuits regarding air passenger capacity. Thereafter, plaintiffs filed a request with the Judicial Panel on Multidistrict Litigation to consolidate the Fjord matter with the putative class action lawsuits, which was denied on October 15, 2015. A jointly proposed schedule for the remainder of the case was submitted on September 7, 2016, which has not yet been accepted by the Bankruptcy Court. We believe this lawsuit is without merit and intend to vigorously defend against the allegations.

DOJ Investigation Related to the United States Postal Service. In April 2015, the DOJ informed us of an inquiry regarding American's 2009 and 2011 contracts with the United States Postal Service for the international transportation of mail by air. In October 2015, we received a CID from the DOJ seeking certain information relating to these contracts and the DOJ has also sought information concerning certain of the airlines that transport mail on a codeshare basis. The DOJ has indicated it is investigating potential violations of the False Claims Act or other statutes. We are cooperating fully with the DOJ with regard to its investigation.

General. In addition to the specifically identified legal proceedings, we and our subsidiaries are also engaged in other legal proceedings from time to time. Legal proceedings can be complex and take many months, or even years, to reach resolution, with the final outcome depending on a number of variables, some of which are not within our control. Therefore, although we will vigorously defend ourselves in each of the actions described above and such other legal proceedings, their ultimate resolution and potential financial and other impacts on us are uncertain but could be material. See Part I, Item 1A. Risk Factors –"*We may be a party to litigation in the normal course of business or otherwise, which could affect our financial position and liquidity*" for additional discussion.

ITEM 4. MINESAFETY DISCLOSURES

Not Applicable.

PART II

ITEM 5. MARKET FOR AMERICAN AIRLINES GROUP'S COMMON STOCK, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Stock Exchange Listing

Our common stock is listed on the NASDAQ Global Select Market (NASDAQ) under the symbol "AAL." There is no trading market for the common stock of American, which is a wholly-owned subsidiary of AAG.

As of February 17, 2017, the closing price of our common stock was $46.91 and there were 11,356 holders of record.

Information on securities authorized for issuance under our equity compensation plans will be set forth in our Proxy Statement for the 2017 Annual Meeting of Stockholders of American Airlines Group Inc. (the Proxy Statement) under the caption "Equity Compensation Plan Information" and is incorporated by reference into this Annual Report on Form 10-K.

Market Prices and Dividends of Common Stock

The following table sets forth, for the periods indicated, the high and low sale prices of our common stock on NASDAQ and cash dividends declared by our Board of Directors:

Year Ended December 31	Period	Common Stock Prices High	Common Stock Prices Low	Cash Dividends Declared (Per share)
2016	Fourth Quarter	$ 50.64	$ 36.33	$ 0.10
	Third Quarter	39.52	27.12	0.10
	Second Quarter	41.76	24.85	0.10
	First Quarter	43.78	34.76	0.10
2015	Fourth Quarter	$ 47.09	$ 37.42	$ 0.10
	Third Quarter	44.59	34.10	0.10
	Second Quarter	53.47	38.45	0.10
	First Quarter	56.20	45.95	0.10

In January 2017, we announced that our Board of Directors had declared a $0.10 per share dividend for stockholders of record on February 13, 2017, and payable on February 27, 2017.

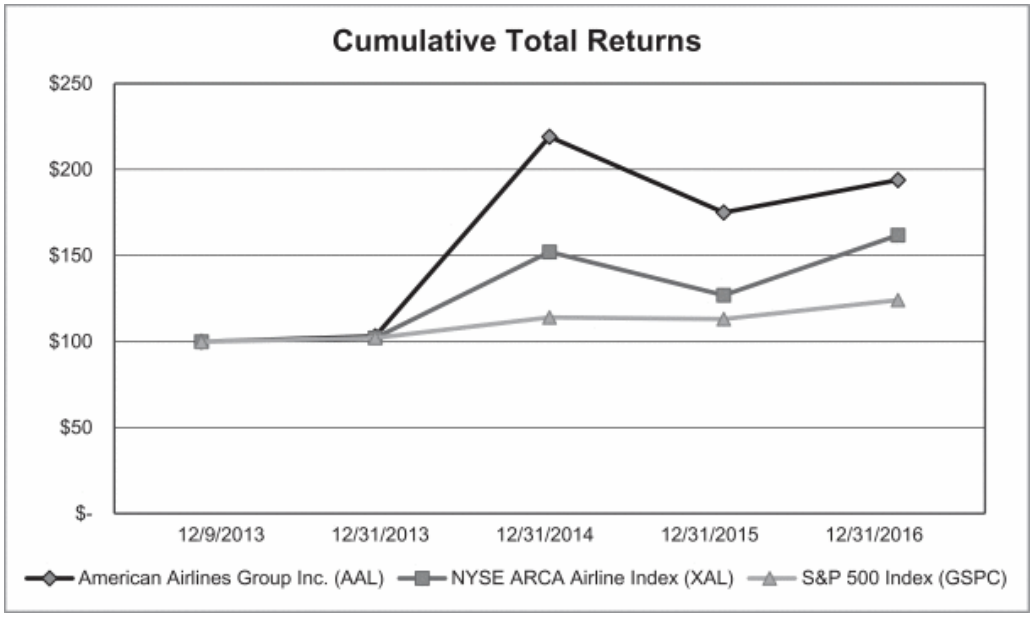
The total cash payment for dividends during the years ended December 31, 2016 and 2015 was $224 million and $278 million, respectively. Any future dividends that may be declared and paid from time to time will be subject to market and economic conditions, applicable legal requirements and other relevant factors. We are not obligated to continue a dividend for any fixed period, and payment of dividends may be suspended at any time at our discretion.

Stock Performance Graph

The following stock performance graph and related information shall not be deemed "soliciting material" or "filed" with the Securities and Exchange Commission, nor shall such information be incorporated by reference into any future filings under the Securities Act of 1933 or the Exchange Act, each as amended, except to the extent that we specifically incorporate it by reference into such filing.

The following stock performance graph compares our cumulative total stockholder returns of our common stock to the Standard and Poor's (S&P) 500 Stock Index and the New York Stock Exchange

(NYSE) ARCA Airline Index from December 9, 2013 (the first trading day of our common stock, AAL) through December 31, 2016. The comparison assumes $100 was invested on December 9, 2013 in our common stock and in each of the foregoing indices and assumes that all dividends were reinvested. The stock performance shown on the following graph represents historical stock performance and is not necessarily indicative of future stock price performance.



	12/9/2013	12/31/2013	12/31/2014	12/31/2015	12/31/2016
American Airlines Group Inc. (AAL)	$ 100	$ 103	$ 219	$ 175	$ 194
NYSE ARCA Airline Index (XAL)	100	102	152	127	162
S&P 500 Index (GSPC)	100	102	114	113	124

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

During the year ended December 31, 2016, we repurchased 119.8 million shares of AAG common stock for $4.4 billion at a weighted average cost per share of $36.86. During the year ended December 31, 2015, we repurchased 85.1 million shares of AAG common stock for $3.6 billion at a weighted average cost per share of $42.09. Since the inception of the share repurchase programs in July 2014, we have repurchased 228.4 million shares of AAG common stock for $9.0 billion at a weighted average cost per share of $39.41.

The following table displays information with respect to our purchases of shares of AAG common stock during the three months ended December 31, 2016:

Period	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced plan or program	Maximum dollar value of shares that may be purchased under the plan or program (in millions)
October 2016	2,220,838	$ 38.96	2,220,838	$ 468
November 2016	3,451,282	$ 45.20	3,451,282	$ 312
December 2016	6,496,015	$ 48.02	6,496,015	$ —

As of December 31, 2016, there was no remaining authority to repurchase shares under our existing share repurchase programs. However, in January 2017, our Board of Directors authorized a new $2.0 billion share repurchase program that expires on December 31, 2018, bringing the total amount authorized for share repurchase programs since July 2014 to $11.0 billion.

Share repurchases under the repurchase programs may be made through a variety of methods, which may include open market purchases, privately negotiated transactions, block trades or accelerated share repurchase transactions. Any such repurchases will be made from time to time subject to market and economic conditions, applicable legal requirements and other relevant factors. The programs do not obligate us to repurchase any specific number of shares and may be suspended at any time at our discretion.

Separate from our share repurchase programs, during 2016, we also withheld approximately 1.4 million shares of AAG common stock and paid approximately $56 million in satisfaction of certain tax withholding obligations associated with employee equity awards.

Ownership Restrictions

AAG's Certificate of Incorporation and Bylaws provide that, consistent with the requirements of Subtitle VII of Title 49 of the United States Code, as amended (the Aviation Act), any persons or entities who are not a "citizen of the United States" (as defined under the Aviation Act and administrative interpretations issued by the DOT, its predecessors and successors, from time to time), including any agent, trustee or representative of such persons or entities (a non-citizen), shall not, in the aggregate, own (beneficially or of record) and/or control more than (a) 24.9% of the aggregate votes of all of our outstanding equity securities or (b) 49.0% of our outstanding equity securities. Our Certificate of Incorporation and Bylaws further specify that it is the duty of each stockholder who is a non-citizen to register his, her or its equity securities on our foreign stock record and provide for remedies applicable to stockholders that exceed the voting and ownership caps described above.

In addition, to reduce the risk of a potential adverse effect on our ability to use our NOL Carryforwards and certain other tax attributes for federal income tax purposes, our Certificate of Incorporation contains certain restrictions on the acquisition and disposition of our common stock by substantial stockholders (generally holders of more than 4.75%).

See Part I, Item 1A. Risk Factors – *"AAG's Certificate of Incorporation and Bylaws include provisions that limit voting and acquisition and disposition of our equity interests."* Also see AAG's Certification of Incorporation and Bylaws, which are filed as Exhibits 3.1 and 3.2 hereto, for the full text of the foregoing restrictions.

ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA

Selected Consolidated Financial Data of AAG

The selected consolidated financial data presented below under the captions "Consolidated Statements of Operations data" and "Consolidated Balance Sheet data" for the years ended December 31, 2016, 2015, 2014, 2013 and 2012 are derived from AAG's audited consolidated financial statements. On December 9, 2013, a subsidiary of AMR merged with and into US Airways Group, which survived as a wholly-owned subsidiary of AAG. Therefore, AAG's consolidated financial data provided in the tables below includes the results of US Airways Group beginning on December 9, 2013, the effective date of the Merger. In addition, AAG emerged from bankruptcy on December 9, 2013. Accordingly, AAG's consolidated financial information for periods prior to December 9, 2013 is not directly comparable to consolidated financial information for periods subsequent to December 9, 2013.

	Year Ended December 31,				
	2016	2015	2014	2013	2012
	(In millions, except share and per share data)				
Consolidated Statements of Operations data:					
Total operating revenues	$ 40,180	$ 40,990	$ 42,650	$ 26,743	$ 24,855
Total operating expenses	34,896	34,786	38,401	25,344	24,707
Operating income	5,284	6,204	4,249	1,399	148
Reorganization items, net [1]	—	—	—	(2,655)	(2,208)
Net income (loss)	2,676	7,610	2,882	(1,834)	(1,876)
Earnings (loss) per common share: [2]					
Basic	$ 4.85	$ 11.39	$ 4.02	$ (6.54)	$ (7.52)
Diluted	4.81	11.07	3.93	(6.54)	(7.52)
Shares used for computation (in thousands): [2]					
Basic	552,308	668,393	717,456	280,213	249,490
Diluted	556,099	687,355	734,016	280,213	249,490
Cash dividends declared per common share	$ 0.40	$ 0.40	$ 0.20	$ —	$ —
Consolidated Balance Sheet data (at end of period):					
Total assets	$ 51,274	$ 48,415	$ 43,225	$ 41,741	$ 23,396
Long-term debt and capital leases, net of current maturities	22,489	18,330	16,043	15,212	7,019
Pension and postretirement benefits [3]	7,842	7,450	7,562	5,828	6,780
Liabilities subject to compromise	—	—	—	—	6,606
Stockholders' equity (deficit)	3,785	5,635	2,021	(2,731)	(7,987)

(1) Reorganization items refer to revenues, expenses (including professional fees), realized gains and losses and provisions for losses that were realized or incurred as a direct result of bankruptcy.

(2) Former holders of AMR common stock as of December 9, 2013, the effective date of the plan of reorganization, may in the future receive additional distributions of AAG common stock dependent upon the ultimate distribution of shares of AAG common stock to holders of disputed claims. Thus, the shares and related earnings per share calculations prior to December 9, 2013 may change in the future to reflect these distributions.

(3) Substantially all defined benefit pension plans were frozen effective November 1, 2012. See Note 9 to AAG's consolidated financial statements in Part II, Item 8A for further information on pension and postretirement benefits.

Reconciliation of GAAP to Non-GAAP Financial Measures

We are providing disclosure of the reconciliation of reported non-GAAP financial measures to their comparable financial measures on a GAAP basis.

The following table presents the components of our total special items and the reconciliation of pre-tax income and net income (GAAP measures) to pre-tax income excluding special items and net income excluding special items (non-GAAP measures). We believe that the non-GAAP financial measures provide investors the ability to measure financial performance excluding special items, which is more indicative of our ongoing performance and is more comparable to measures reported by other major airlines.

	Year Ended December 31,		
	2016	2015	2014
	(In millions)		
Components of Total Special Items, Net: [1]			
Merger integration costs [2]	$ 526	$ 848	$ 739
Fleet restructuring costs [3]	177	210	88
Mark-to-market adjustments for bankruptcy obligations and other	25	(53)	81
Net gain on slot transactions	—	—	(265)
Charge to revise estimates of certain aircraft residual values	—	—	81
Other operating charges (credits), net	(5)	75	100
Operating special items, net	723	1,080	824
Venezuela foreign currency losses	—	592	43
Debt extinguishment and refinancing charges	49	24	56
Other nonoperating charges (credits), net	—	(22)	33
Nonoperating special items, net	49	594	132
Pre-tax special items, net	772	1,674	956
Release of deferred tax valuation allowance	—	(3,040)	—
Income tax provision from gains in other comprehensive income (OCI)	—	—	330
Other tax charges	—	25	16
Income tax special items	—	(3,015)	346
Total special items, net	$ 772	$(1,341)	$1,302
Reconciliation of Pre-Tax Income Excluding Special Items:			
Pre-tax income – GAAP	$4,299	$ 4,616	$3,212
Adjusted for: Pre-tax special items, net	772	1,674	956
Pre-tax income excluding special items	$5,071	$ 6,290	$4,168
Reconciliation of Net Income Excluding Special Items:			
Net income – GAAP	$2,676	$ 7,610	$2,882
Adjusted for: Total special items, net	772	(1,341)	1,302
Adjusted for: Net tax effect of special items [4]	(275)	—	—
Net income excluding special items	$3,173	$ 6,269	$4,184

(1) See Note 2 to AAG's Consolidated Financial Statements in Part II, Item 8A for further information on special items.

(2) Merger integration costs for our mainline and regional operations included charges related to information technology, re-branding of aircraft, airport facilities and uniforms, alignment of labor union contracts, professional fees, relocation, training and severance, and in 2015 and 2014, also

included share-based compensation related to awards granted in connection with the Merger that fully vested in December 2015.

(3) Fleet restructuring costs included the acceleration of aircraft depreciation, impairments, remaining lease payments and lease return costs for aircraft currently grounded or expected to be grounded earlier than planned.

(4) In 2014 and 2015, there was no net tax effect associated with special items. During 2014 and 2015, our net deferred tax asset, which includes our NOLs, was subject to a full valuation allowance. Accordingly, our NOLs offset our taxable income and resulted in the release of a corresponding portion of valuation allowance, which offset the tax provision dollar for dollar.

The following table presents the reconciliation of mainline operating expenses (GAAP measure) to mainline operating costs excluding special items and fuel (non-GAAP measure). We believe that the presentation of mainline costs per available seat mile (CASM) excluding fuel is useful to investors as both the cost and availability of fuel are subject to many economic and political factors beyond our control. The exclusion of special items from mainline CASM provides investors the ability to measure financial performance in a way that is more indicative of our ongoing performance and is more comparable to measures reported by other major airlines. Management uses mainline CASM excluding special items and fuel to evaluate its operating performance. Amounts may not recalculate due to rounding.

	Year Ended December 31,		
	2016	2015	2014
Reconciliation of Mainline CASM Excluding Special Items and Fuel:			
(In millions)			
Total operating expenses – GAAP	$ 34,896	$ 34,786	$ 38,401
Less regional expenses:			
Fuel and related taxes.	(1,109)	(1,230)	(2,009)
Other	(4,935)	(4,753)	(4,507)
Total mainline operating expenses	28,852	28,803	31,885
Adjusted for: Special items, net (1)	(709)	(1,051)	(800)
Adjusted for: Aircraft fuel and related taxes	(5,071)	(6,226)	(10,592)
Mainline operating expenses excluding special items and fuel	$ 23,072	$ 21,526	$ 20,493
(In millions)			
Available Seat Miles (ASM)	241,734	239,375	237,522
(In cents)			
Mainline CASM	11.94	12.03	13.42
Adjusted for: Special items, net per ASM	(0.29)	(0.44)	(0.34)
Adjusted for: Aircraft fuel and related taxes per ASM	(2.10)	(2.60)	(4.46)
Mainline CASM excluding special items and fuel	9.54	8.99	8.63

(1) See Note 2 to AAG's Consolidated Financial Statements in Part II, Item 8A for further information on special items.

Selected Consolidated Financial Data of American

The selected consolidated financial data presented below under the captions "Consolidated Statements of Operations data" and "Consolidated Balance Sheet data" for the years ended December 31, 2016, 2015, 2014, 2013 and 2012 are derived from American's audited consolidated financial statements. On December 30, 2015, US Airways merged with and into American, with American as the surviving corporation. For financial reporting purposes, this transaction constituted a

transfer of assets between entities under common control and is reflected in American's consolidated financial statements as though the transaction had occurred on December 9, 2013, when a subsidiary of AMR merged with and into US Airways Group, which represents the earliest date that American and US Airways were under common control. Therefore, American's consolidated financial data provided in the tables below includes the results of US Airways beginning on December 9, 2013. In addition, American emerged from bankruptcy on December 9, 2013. Accordingly, American's consolidated financial information for periods prior to December 9, 2013 is not directly comparable to consolidated financial information for periods subsequent to December 9, 2013.

	Year Ended December 31,				
	2016	2015	2014	2013	2012
			(In millions)		
Consolidated Statements of Operations data:					
Total operating revenues	$40,163	$40,938	$42,676	$26,701	$24,825
Total operating expenses	34,859	34,749	38,410	25,341	24,743
Operating income	5,304	6,189	4,266	1,360	82
Reorganization items, net [1]	—	—	—	(2,640)	(2,179)
Net income (loss)	2,781	8,120	2,948	(1,717)	(1,926)
Consolidated Balance Sheet data (at end of period):					
Total assets	$58,092	$50,439	$42,787	$41,699	$23,150
Long-term debt and capital leases, net of current maturities	20,718	16,592	14,804	14,718	7,046
Pension and postretirement benefits [2]	7,800	7,410	7,522	5,802	6,780
Liabilities subject to compromise	—	—	—	—	5,694
Stockholder's equity (deficit)	12,649	9,698	1,406	(4,398)	(9,962)

[1] Reorganization items refer to revenues, expenses (including professional fees), realized gains and losses and provisions for losses that were realized or incurred as a direct result of bankruptcy.

[2] Substantially all defined benefit pension plans were frozen effective November 1, 2012. See Note 7 to American's consolidated financial statements in Part II, Item 8B for further information on pension and postretirement benefits.

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

Background

Together with our wholly-owned regional airline subsidiaries and third-party regional carriers operating as American Eagle, our airline operates an average of nearly 6,700 flights per day to nearly 350 destinations in more than 50 countries, principally from our hubs in Charlotte, Chicago, Dallas/Fort Worth, Los Angeles, Miami, New York, Philadelphia, Phoenix and Washington, D.C. In 2016, approximately 199 million passengers boarded our mainline and regional flights.

We are committed to consistently delivering safe, reliable and convenient service to our customers in every aspect of our operation, to building the best employee relations in the industry and to providing returns for our stockholders. In January 2017, we were named the 2017 Airline of the Year by *Air Transport World*, which cited the integration work related to the Merger, our operational and customer service improvements and the investments we are making in our product.

Operational Highlights

During 2016, we made significant investments related to our integration and to continue to improve our product offerings and operational performance.

Integration Accomplishments

- Integrated all mainline pilots and our mainline fleet into a single scheduling system, allowing us to schedule pilots and aircraft seamlessly across the network regardless of which pre-Merger airline they came from
- Reached interim agreements with the TWU-IAM that allows our mainline mechanics and ramp personnel to be able to work together and be cross-utilized. Additionally, we ratified five-year JCBAs for dispatchers, flight crew training instructors, simulator pilot instructors and flight simulator engineers
- Completed the painting of all US Airways mainline aircraft in the American livery. Repainting of former US Airways Express regional jets is expected to be finished in mid-2017

Investments in Our Product and Operations

- Invested approximately $4.4 billion in new aircraft, including 55 new mainline and 42 new regional aircraft. As a result of our ongoing fleet renewal program, we have the youngest fleet of the major U.S. network carriers
- Hired additional personnel and invested in new equipment and technology to support our operations. In the fourth quarter of 2016, we achieved our best monthly completion factor, on-time performance, and baggage handling performance since the Merger
- Redesigned our AAdvantage® loyalty program to award mileage credits based on the price of tickets purchased, enabling elite members to earn even more miles based on their status level. During 2016, the AAdvantage® program was named Best Elite Program in the Americas by the Freddie Awards
- Introduced Premium Economy, a new class of service on international flights with more legroom, wider seats, and enhanced meal service and amenity kits
- Made several other customer experience improvements including the reintroduction of free snacks in the main cabin, the launch of complimentary in-flight entertainment and the redesign and upgrade of many Admirals Club lounges

Investments in our People

- Instituted a profit sharing program across all of our workgroups that pays 5% of our pre-tax profit excluding special items ($314 million was accrued in 2016)
- Announced industry-leading pay packages for pilots at our wholly-owned regional airlines Envoy, PSA and Piedmont in order to attract and retain the best pilots

Financial Overview

The U.S. Airline Industry

In 2016, the U.S. airline industry benefited from lower fuel prices. However, the reductions in fuel costs were offset by year-over-year declines in revenue. Both domestic and international markets were impacted by competitive capacity growth. International markets were also impacted by macroeconomic softness and foreign currency weakness.

Jet fuel prices closely follow the price of Brent crude oil. On average, the price of Brent crude oil per barrel was approximately 17% lower in 2016 as compared to 2015. The average daily spot price for Brent crude oil during 2016 was $44 per barrel as compared to an average daily spot price of $52 per barrel during 2015. On a daily basis, Brent crude oil prices fluctuated during 2016 between a high of $55 per barrel to a low of $26 per barrel, and closed the year on December 31, 2016 at $55 per barrel.

While jet fuel prices have declined year-over-year as described above, uncertainty exists regarding the economic conditions driving these declines. See Part I, Item 1A. Risk Factors – *"Downturns in economic conditions could adversely affect our business"* and *"Our business is very dependent on the price and availability of aircraft fuel. Continued periods of high volatility in fuel costs, increased fuel prices or significant disruptions in the supply of aircraft fuel could have a significant negative impact on our operating results and liquidity."*

AAG's 2016 Results

The selected financial data presented below is derived from AAG's audited consolidated financial statements included in Part II, Item 8A of this report and should be read in conjunction with those financial statements and the related notes thereto.

	Year Ended December 31,		Increase (Decrease)	Percent Increase (Decrease)
	2016	2015		
	(In millions, except percentage changes)			
Mainline and regional passenger revenues	$34,579	$35,512	$ (933)	(2.6)
Cargo and other operating revenues	5,601	5,478	123	2.3
Total operating revenues	40,180	40,990	(810)	(2.0)
Mainline and regional aircraft fuel and related taxes	6,180	7,456	(1,276)	(17.1)
Salaries, wages and benefits	10,890	9,524	1,366	14.4
Total operating expenses	34,896	34,786	110	0.3
Operating income	5,284	6,204	(920)	(14.8)
Pre-tax income	4,299	4,616	(317)	(6.9)
Income tax provision (benefit)	1,623	(2,994)	4,617	nm
Net income	2,676	7,610	(4,934)	(64.8)
Pre-tax income	$ 4,299	$ 4,616	$ (317)	(6.9)
Adjusted for: Total pre-tax special items (1)	772	1,674	(902)	(53.9)
Pre-tax income excluding special items	$ 5,071	$ 6,290	$ (1,219)	(19.4)

(1) See Part II, Item 6. Selected Consolidated Financial Data – *"Reconciliation of GAAP to Non-GAAP Financial Measures"* and Note 2 to AAG's consolidated financial statements in Part II, Item 8A for details on the components of special items.

Net Income and Pre-Tax Income

We realized net income of $2.7 billion in 2016. This compares to $7.6 billion of net income in 2015, which included a special $3.0 billion non-cash tax benefit, as we reversed the valuation allowance on our deferred tax assets, which include our federal and state NOLs. As a result of the reversal of the valuation allowance, we recorded a $1.6 billion provision for income taxes in 2016, which is substantially non-cash due to the utilization of NOLs. Accordingly, amounts reported in 2016 for income tax provision and net income are not comparable to 2015. Therefore, pre-tax income and pre-tax income excluding special items provides a more meaningful year-over-year comparison. The exclusion of special items provides investors the ability to measure financial performance in a way that is more indicative of our ongoing performance and is more comparable to financial measures presented by other major airlines. Management uses pre-tax income excluding special items to evaluate our financial performance.

We realized pre-tax income of $4.3 billion and $4.6 billion in 2016 and 2015, respectively. Excluding the effects of pre-tax special items, pre-tax income was $5.1 billion and $6.3 billion in 2016 and 2015, respectively. Our 2016 pre-tax results on both a GAAP basis and excluding pre-tax net special items were impacted by a decline in revenues due to lower yields. Salaries, wages and benefits costs were higher in 2016, driven by our new labor contracts and the addition of an employee profit sharing program; however, these increases were substantially offset by a year-over-year decline in fuel costs.

For reconciliation of pre-tax and net income excluding special items to their comparable measures on a GAAP basis, see Part II, Item 6. Selected Consolidated Financial Data – *"Reconciliation of GAAP to Non-GAAP Financial Measures."*

Revenue

In 2016, we reported operating revenues of $40.2 billion, a decrease of $810 million, or 2.0%, as compared to 2015. Mainline and regional passenger revenues were $34.6 billion, a decrease of $933 million, or 2.6%, as compared to 2015. The decline in mainline and regional passenger revenues was due to lower yields driven by competitive capacity growth, macroeconomic softness outside of the United States and foreign currency weakness. This decline was offset in part by an increase in other operating revenues primarily due to our new co-branded credit card agreements which became effective in the third quarter of 2016. Our mainline and regional total revenue per available seat mile (TRASM) was 14.70 cents in 2016, a 3.7% decrease as compared to 15.25 cents in 2015.

Fuel

Our mainline and regional fuel expense totaled $6.2 billion in 2016, which was $1.3 billion, or 17.1%, lower as compared to 2015. This decrease was driven by a 17.6% decrease in the average price per gallon of fuel to $1.42 in 2016 from $1.72 in 2015.

As of December 31, 2016, we did not have any fuel hedging contracts outstanding to hedge our fuel consumption. As such, and assuming we do not enter into any future transactions to hedge our fuel consumption, we will continue to be fully exposed to fluctuations in fuel prices. Our current policy is not to enter into transactions to hedge our fuel consumption, although we review that policy from time to time based on market conditions and other factors.

Other Costs

We remain committed to actively managing our cost structure, which we believe is necessary in an industry whose economic prospects are heavily dependent upon two variables we cannot control: the health of the economy and the price of fuel.

Our 2016 mainline CASM was 11.94 cents, a decrease of 0.8%, from 12.03 cents in 2015. The decrease was primarily driven by lower fuel costs, offset in part by higher salaries, wages and benefits associated with new labor contracts and the addition of an employee profit sharing program.

Our 2016 mainline CASM excluding special items and fuel was 9.54 cents, an increase of 6.1%, from 8.99 cents in 2015, which was primarily driven by higher salaries, wages and benefits as described above.

For a reconciliation of mainline CASM excluding special items and fuel, see Part II, Item 6. Selected Consolidated Financial Data – *"Reconciliation of GAAP to Non-GAAP Financial Measures."*

Liquidity and Stockholder Returns

As of December 31, 2016, we had approximately $8.8 billion in total available liquidity, consisting of $6.4 billion in unrestricted cash and investments and $2.4 billion in undrawn revolving credit facilities. We also had approximately $638 million in restricted cash.

During 2016, we returned $4.6 billion to our stockholders, including quarterly dividend payments of $224 million and the repurchase of $4.4 billion of common stock, or 119.8 million shares. Since our capital return program commenced in mid-2014, we have returned more than $9.6 billion to stockholders including $646 million in quarterly dividends and $9.0 billion in share repurchases, or 228.4 million shares. In January 2017, our Board of Directors approved a new $2.0 billion share repurchase authorization that will expire December 31, 2018 and declared a dividend of $0.10 per share to be paid to stockholders of record as of February 13, 2017.

We have taken advantage of historically low interest rates to finance our fleet renewal program. During 2016 to finance new aircraft deliveries, we issued an aggregate principal amount of $2.8 billion in Enhanced Equipment Trust Certificate (EETC) equipment notes at an average fixed interest rate of 3.63%, as well as $1.8 billion in other equipment notes, which bear interest at fixed and variable rates of LIBOR plus margin, averaging 2.96% at December 31, 2016. Additionally, we refinanced certain higher cost debt. See Note 5 to AAG's Consolidated Financial Statements in Part II, Item 8A for additional information on our debt obligations.

As a result of the foregoing factors, we currently have a higher debt level and fewer unencumbered assets than our peers. Accordingly, we believe it is important to retain liquidity levels higher than our network peers given our overall leverage as well as to protect against an adverse economic shock. Our current plan is to maintain minimum total available liquidity of $7.0 billion. We were well above that minimum level at December 31, 2016.

AAG's Results of Operations

Operating Statistics

The table below sets forth selected operating data for the years ended December 31, 2016, 2015 and 2014.

	Year Ended December 31,			Increase (Decrease) 2016-2015	Increase (Decrease) 2015-2014
	2016	2015	2014		
Mainline					
Revenue passenger miles (millions) [a]	199,014	199,467	195,651	(0.2)%	2.0%
Available seat miles (millions) [b]	241,734	239,375	237,522	1.0%	0.8%
Passenger load factor (percent) [c]	82.3	83.3	82.4	(1.0)pts	0.9pts
Yield (cents) [d]	14.02	14.56	15.74	(3.7)%	(7.5)%
Passenger revenue per available seat mile (cents) [e]	11.55	12.13	12.97	(4.8)%	(6.5)%
Operating cost per available seat mile (cents) [f]	11.94	12.03	13.42	(0.8)%	(10.4)%
Aircraft at end of period	930	946	983	(1.7)%	(3.8)%
Fuel consumption (gallons in millions)	3,596	3,611	3,644	(0.4)%	(0.9)%
Average aircraft fuel price including related taxes (dollars per gallon)	1.41	1.72	2.91	(18.2)%	(40.7)%
Full-time equivalent employees at end of period	101,500	98,900	94,400	2.6%	4.8%
Total Mainline and Regional					
Revenue passenger miles (millions) [a]	223,477	223,010	217,870	0.2%	2.4%
Available seat miles (millions) [b]	273,410	268,736	265,657	1.7%	1.2%
Passenger load factor (percent) [c]	81.7	83.0	82.0	(1.3)pts	1.0pts
Yield (cents) [d]	15.47	15.92	17.04	(2.8)%	(6.5)%
Passenger revenue per available seat mile (cents) [e]	12.65	13.21	13.97	(4.3)%	(5.4)%
Total revenue per available seat mile (cents) [g]	14.70	15.25	16.05	(3.7)%	(5.0)%
Aircraft at end of period	1,536	1,533	1,549	0.2%	(1.0)%
Fuel consumption (gallons in millions)	4,347	4,323	4,332	0.5%	(0.2)%
Average aircraft fuel price including related taxes (dollars per gallon)	1.42	1.72	2.91	(17.6)%	(40.7)%
Full-time equivalent employees at end of period [h]	122,300	118,500	113,300	3.2%	4.6%

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

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

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

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

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

[f] Operating cost per available seat mile (CASM) – Operating expenses divided by ASMs.

[g] Total revenue per available seat mile (TRASM) – Total revenues divided by total mainline and regional ASMs.

[h] Regional full-time equivalent employees only include our wholly-owned regional airline subsidiaries, Envoy, Piedmont and PSA.

Results of Operations – 2016 Compared to 2015

We realized net income of $2.7 billion in 2016. This compares to $7.6 billion of net income in 2015, which included a special $3.0 billion non-cash tax benefit as we reversed the valuation allowance on our deferred tax assets, which include our federal and state NOLs. As a result of the reversal of the valuation allowance, we recorded a $1.6 billion provision for income taxes in 2016, which is substantially non-cash due to the utilization of NOLs. Accordingly, amounts reported in 2016 for income tax provision and net income are not comparable to 2015.

We realized pre-tax income of $4.3 billion and $4.6 billion in 2016 and 2015, respectively. Excluding the effects of pre-tax net special items, pre-tax income was $5.1 billion and $6.3 billion in 2016 and 2015, respectively. For reconciliation of pre-tax and net income excluding special items to their comparable measures on a GAAP basis, see Part II, Item 6. Selected Consolidated Financial Data –*"Reconciliation of GAAP to Non-GAAP Financial Measures."*

Our 2016 pre-tax results on both a GAAP basis and excluding pre-tax net special items were impacted by a decline in revenues due to lower yields. Salaries, wages and benefits costs were higher in 2016, driven by our new labor contracts and the addition of an employee profit sharing program; however, these increases were substantially offset by a year-over-year decline in fuel costs.

Operating Revenues

	Year Ended December 31,		Increase (Decrease)	Percent Increase (Decrease)
	2016	2015		
	(In millions, except percentage changes)			
Mainline passenger	$27,909	$29,037	$ (1,128)	(3.9)
Regional passenger	6,670	6,475	195	3.0
Cargo	700	760	(60)	(7.9)
Other	4,901	4,718	183	3.9
Total operating revenues	$40,180	$40,990	$ (810)	(2.0)

Total operating revenues in 2016 decreased $810 million, or 2.0%, from 2015 driven by lower passenger revenues offset in part by higher other revenue. Our mainline and regional TRASM was 14.70 cents in 2016, a 3.7% decrease as compared to 15.25 cents in 2015.

		Increase (Decrease) vs. Year Ended December 31, 2015					
	Year Ended December 31, 2016	Passenger Revenue	RPMs	ASMs	Load Factor	Passenger Yield	PRASM
	(In millions)						
Mainline passenger	$ 27,909	(3.9)%	(0.2)%	1.0%	(1.0)pts	(3.7)%	(4.8)%
Regional passenger	6,670	3.0%	3.9%	7.9%	(3.0)pts	(0.9)%	(4.5)%
Total passenger revenues	$ 34,579	(2.6)%	0.2%	1.7%	(1.3)pts	(2.8)%	(4.3)%

Total passenger revenues declined $933 million, or 2.6%, in 2016 from 2015 driven by a 2.8% decrease in yield due to competitive capacity growth, macroeconomic softness outside of the United States and foreign currency weakness.

Cargo revenue decreased $60 million, or 7.9%, in 2016 from 2015 driven primarily by a decrease in domestic and international freight yields.

Other revenue primarily includes revenue associated with our loyalty program, baggage fees, ticketing change fees, airport clubs and inflight services. Other revenue increased $183 million, or 3.9%, in 2016 from 2015 driven by an increase in loyalty program revenue. In 2016 and 2015, other revenues associated with our loyalty program were $2.1 billion and $1.9 billion, respectively, of which $1.9 billion and $1.7 billion, respectively, related to the marketing component of mileage sales and other marketing related payments. This year-over-year increase was due to our new co-branded credit card agreements which became effective in the third quarter of 2016. See Note 1(i) to AAG's Consolidated Financial Statements in Part II, Item 8A for additional information on the loyalty program.

Operating Expenses

	Year Ended December 31,		Increase (Decrease)	Percent Increase (Decrease)
	2016	2015		
	(In millions, except percentage changes)			
Aircraft fuel and related taxes	$ 5,071	$ 6,226	$ (1,155)	(18.5)
Salaries, wages and benefits	10,890	9,524	1,366	14.4
Maintenance, materials and repairs	1,834	1,889	(55)	(2.9)
Other rent and landing fees	1,772	1,731	41	2.4
Aircraft rent	1,203	1,250	(47)	(3.8)
Selling expenses	1,323	1,394	(71)	(5.0)
Depreciation and amortization	1,525	1,364	161	11.8
Special items, net	709	1,051	(342)	(32.6)
Other	4,525	4,374	151	3.4
Total mainline operating expenses	28,852	28,803	49	0.2
Regional expenses:				
Fuel	1,109	1,230	(121)	(9.8)
Other	4,935	4,753	182	3.8
Total regional operating expenses	6,044	5,983	61	1.0
Total operating expenses	$34,896	$34,786	$ 110	0.3

Total operating expenses were $34.9 billion in 2016, an increase of $110 million, or 0.3%, from 2015. The increase in operating expenses was due to higher salaries, wages and benefits driven by new labor contracts and the addition of an employee profit sharing program; however, these costs were substantially offset by a year-over-year decline in fuel costs. See detailed explanations below relating to changes in mainline operating costs per ASM.

Mainline Operating Costs per ASM

The table below sets forth the major components of our total mainline CASM and our mainline CASM excluding special items and aircraft fuel and related taxes for the years ended December 31, 2016 and 2015:

	Year Ended December 31,		Percent Increase (Decrease)
	2016	2015	
	(In cents, except percentage changes)		
Mainline CASM:			
Aircraft fuel and related taxes	2.10	2.60	(19.3)
Salaries, wages and benefits	4.51	3.98	13.2
Maintenance, materials and repairs	0.76	0.79	(3.9)
Other rent and landing fees	0.73	0.72	1.4
Aircraft rent	0.50	0.52	(4.7)
Selling expenses	0.55	0.58	(6.0)
Depreciation and amortization	0.63	0.57	10.7
Special items, net	0.29	0.44	(33.2)
Other	1.87	1.83	2.4
Total mainline CASM	11.94	12.03	(0.8)
Special items, net	(0.29)	(0.44)	(33.2)
Aircraft fuel and related taxes	(2.10)	(2.60)	(19.3)
Mainline operating costs per ASM, excluding special items and aircraft fuel and related taxes [1]	9.54	8.99	6.1

[1] We believe that the presentation of mainline CASM excluding fuel is useful to investors because both the cost and availability of fuel are subject to many economic and political factors beyond our control, and the exclusion of special items provides investors the ability to measure financial performance in a way that is more indicative of our ongoing performance and that is more comparable to measures reported by other major airlines. Management uses mainline CASM excluding special items and fuel to evaluate our operating performance. Amounts may not recalculate due to rounding.

Significant changes in the components of mainline operating cost per ASM are as follows:

- Aircraft fuel and related taxes per ASM decreased 19.3% primarily due to an 18.2% decrease in the average price per gallon of fuel to $1.41 in 2016 from an average price per gallon of $1.72 in 2015.
- Salaries, wages and benefits per ASM increased 13.2% primarily due to increased costs associated with new labor contracts and the addition of an employee profit sharing program.
- Selling expenses per ASM decreased 6.0% primarily due to lower credit card and booking fees.
- Depreciation and amortization per ASM increased 10.7% primarily due to the effect of purchased aircraft deliveries in connection with our fleet renewal program.

Operating Special Items, Net

	Year Ended December 31,	
	2016	2015
	(In millions)	
Merger integration costs [1]	$ 514	$ 826
Fleet restructuring costs [2]	177	210
Mark-to-market adjustments for bankruptcy obligations and other	25	(53)
Other operating charges (credits), net	(7)	68
Total mainline operating special items, net	709	1,051
Regional operating special items, net [3]	14	29
Total operating special items, net	$ 723	$ 1,080

(1) Merger integration costs included charges related to information technology, re-branding of aircraft, airport facilities and uniforms, alignment of labor union contracts, professional fees, relocation, training and severance, and in 2015, also included share-based compensation related to awards granted in connection with the Merger that fully vested in December 2015.

(2) Fleet restructuring costs included the acceleration of aircraft depreciation, impairments, remaining lease payments and lease return costs for aircraft currently grounded or expected to be grounded earlier than planned.

(3) Regional operating special items, net are included within other regional operating expenses and principally related to Merger integration costs.

Regional Operating Expenses

Total regional expenses increased $61 million, or 1.0%, in 2016 as compared to 2015. The year-over-year increase was primarily due to a $182 million, or 3.8%, increase in other regional operating expenses driven by increased capacity. This was offset in part by a $121 million, or 9.8%, decrease in fuel costs. The decrease in fuel costs was driven primarily by a 14.5% decline in the average price per gallon of fuel to $1.48 in 2016 from $1.73 in 2015, offset in part by a 5.5% increase in gallons of fuel consumed. See Note 1 to AAG's Consolidated Financial Statements in Part II, Item 8A for further information on regional expenses.

Nonoperating Results

	Year Ended December 31,		Increase (Decrease)	Percent Increase (Decrease)
	2016	2015		
	(In millions, except percentage changes)			
Interest income	$ 63	$ 39	$ 24	60.9
Interest expense, net of capitalized interest	(991)	(880)	(111)	12.6
Other, net	(57)	(747)	690	(92.4)
Total nonoperating expense, net	$ (985)	$ (1,588)	$ 603	(38.1)

Our short-term investments in each period consisted of highly liquid investments that provided nominal returns. Interest income increased $24 million, or 60.9%, principally due to a 50 basis point increase in average yields in 2016 as compared to 2015.

Interest expense, net of capitalized interest increased in 2016 primarily due to issuances of aircraft-related financings associated with our fleet renewal program.

In 2016, other nonoperating expense, net primarily included $49 million of net special charges consisting of debt issuance and extinguishment costs associated with bond and term loan refinancings. Net foreign currency gains were nominal in 2016.

In 2015, other nonoperating expense, net primarily included a $592 million special charge to write off all of the value of Venezuelan bolivars held by us due to continued lack of repatriations and deterioration of economic conditions in Venezuela. We also incurred $159 million of net foreign currency losses. The foreign currency losses in 2015 were driven primarily by the strengthening of the U.S. dollar relative to other currencies, principally in Latin American and European markets.

Income Taxes

In 2016, we recorded a $1.6 billion provision for income taxes at an effective rate of approximately 38%, which was substantially non-cash as we utilized our NOLs. Substantially all of our income before income taxes is attributable to the United States. At December 31, 2016, we had approximately $10.5 billion of gross NOLs to reduce future federal taxable income, substantially all of which are expected to be available for use in 2017.

In 2015, we reversed $3.0 billion of the valuation allowance on our deferred tax assets, which resulted in a special non-cash tax benefit recorded in our consolidated statement of operations.

See Note 6 to AAG's Consolidated Financial Statements in Part II, Item 8A for additional information on income taxes.

Results of Operations – 2015 Compared to 2014

We realized net income of $7.6 billion in 2015, which included a special $3.0 billion non-cash tax benefit as we reversed the valuation allowance on our deferred tax assets, which include our federal and state NOLs. We realized net income of $2.9 billion in 2014. As a result of the valuation allowance reversal, amounts reported in 2015 for income tax benefit and net income are not comparable to 2014.

We realized pre-tax income of $4.6 billion and $3.2 billion in 2015 and 2014, respectively. Excluding the effects of pre-tax net special items, pre-tax income was $6.3 billion and $4.2 billion in 2015 and 2014, respectively. For reconciliation of pre-tax and net income excluding special items to their comparable measures on a GAAP basis, see Part II, Item 6. Selected Consolidated Financial Data –*"Reconciliation of GAAP to Non-GAAP Financial Measures."*

Our 2015 pre-tax results on both a GAAP basis and excluding pre-tax net special items were impacted by substantially lower fuel costs in 2015 as compared to 2014, offset in part by a decline in revenues driven by lower yields.

Operating Revenues

	Year Ended December 31,		Increase (Decrease)	Percent Increase (Decrease)
	2015	2014		
	(In millions, except percentage changes)			
Mainline passenger	$ 29,037	$ 30,802	$ (1,765)	(5.7)
Regional passenger	6,475	6,322	153	2.4
Cargo	760	875	(115)	(13.1)
Other	4,718	4,651	67	1.4
Total operating revenues	$ 40,990	$ 42,650	$ (1,660)	(3.9)

Total operating revenues in 2015 decreased $1.7 billion, or 3.9%, from 2014 principally driven by lower passenger revenues. Our mainline and regional TRASM was 15.25 cents in 2015, a 5.0% decrease as compared to 16.05 cents in 2014.

	Year Ended December 31, 2015	Increase (Decrease) vs. Year Ended December 31, 2014					
		Passenger Revenue	RPMs	ASMs	Load Factor	Passenger Yield	PRASM
	(In millions)						
Mainline passenger	$ 29,037	(5.7)%	2.0%	0.8%	0.9 pts	(7.5)%	(6.5)%
Regional passenger	6,475	2.4%	6.0%	4.4%	1.2 pts	(3.3)%	(1.9)%
Total passenger revenues	$ 35,512	(4.3)%	2.4%	1.2%	1.0 pts	(6.5)%	(5.4)%

Total passenger revenues declined $1.6 billion, or 4.3%, in 2015 from 2014 driven by a 6.5% decrease in yield due to competitive growth in certain domestic markets, including Dallas/Fort Worth, international weakness resulting from foreign currency devaluation relative to the U.S. dollar, lower fuel surcharges and economic softness in Latin America, particularly in Brazil and Venezuela.

Cargo revenue decreased $115 million, or 13.1%, in 2015 from 2014 driven primarily by a decrease in international freight yields.

Other revenue primarily includes revenue associated with our loyalty program, baggage fees, ticketing change fees, airport clubs and inflight services. In 2015 and 2014, other revenues associated with our loyalty program were each $1.9 billion and $1.9 billion, respectively, of which $1.7 billion and $1.6 billion, respectively, related to the marketing component of mileage sales and other marketing related payments. See Note 1(i) to AAG's Consolidated Financial Statements in Part II, Item 8A for additional information on the loyalty program.

Operating Expenses

	Year Ended December 31,		Increase (Decrease)	Percent Increase (Decrease)
	2015	2014		
	(In millions, except percentage changes)			
Aircraft fuel and related taxes	$ 6,226	$ 10,592	$ (4,366)	(41.2)
Salaries, wages and benefits	9,524	8,508	1,016	11.9
Maintenance, materials and repairs	1,889	2,051	(162)	(7.9)
Other rent and landing fees	1,731	1,727	4	0.2
Aircraft rent	1,250	1,250	—	—
Selling expenses	1,394	1,544	(150)	(9.8)
Depreciation and amortization	1,364	1,295	69	5.4
Special items, net	1,051	800	251	31.3
Other	4,374	4,118	256	6.2
Total mainline operating expenses	28,803	31,885	(3,082)	(9.7)
Regional expenses:				
Fuel	1,230	2,009	(779)	(38.8)
Other	4,753	4,507	246	5.4
Total regional operating expenses	5,983	6,516	(533)	(8.2)
Total operating expenses	$ 34,786	$ 38,401	$ (3,615)	(9.4)

Total operating expenses were $34.8 billion in 2015, a decrease of $3.6 billion, or 9.4%, from 2014. The decrease in operating expenses was primarily due to substantially lower aircraft fuel costs, offset

in part by higher salaries, wages and benefits driven by new labor contracts. See detailed explanations below relating to changes in mainline operating costs per ASM.

Mainline Operating Costs per ASM

The table below sets forth the major components of our total mainline CASM and our mainline CASM excluding special items and aircraft fuel and related taxes for the years ended December 31, 2015 and 2014:

	Year Ended December 31,		Percent Increase (Decrease)
	2015	2014	
	(In cents, except percentage changes)		
Mainline CASM:			
Aircraft fuel and related taxes	2.60	4.46	(41.7)
Salaries, wages and benefits	3.98	3.58	11.1
Maintenance, materials and repairs	0.79	0.86	(8.6)
Other rent and landing fees	0.72	0.73	(0.5)
Aircraft rent	0.52	0.53	(0.8)
Selling expenses	0.58	0.65	(10.5)
Depreciation and amortization	0.57	0.55	4.6
Special items, net	0.44	0.34	30.3
Other	1.83	1.73	5.4
Total mainline CASM	12.03	13.42	(10.4)
Special items, net	(0.44)	(0.34)	30.3
Aircraft fuel and related taxes	(2.60)	(4.46)	(41.7)
Mainline operating costs per ASM, excluding special items and aircraft fuel and related taxes [1]	8.99	8.63	4.2

[1] We believe that the presentation of mainline CASM excluding fuel is useful to investors because both the cost and availability of fuel are subject to many economic and political factors beyond our control, and the exclusion of special items provides investors the ability to measure financial performance in a way that is more indicative of our ongoing performance and that is more comparable to measures reported by other major airlines. Management uses mainline CASM excluding special items and fuel to evaluate our operating performance. Amounts may not recalculate due to rounding.

Significant changes in the components of mainline operating cost per ASM are as follows:

- Aircraft fuel and related taxes per ASM decreased 41.7% primarily due to a 40.7% decrease in the average price per gallon of fuel to $1.72 in 2015 from an average price per gallon of $2.91 in 2014.
- Salaries, wages and benefits per ASM increased 11.1% primarily due to increased costs associated with new pilot, flight attendant and customer service and reservation agent joint collective bargaining agreements.
- Maintenance, materials and repairs per ASM decreased 8.6% primarily due to fewer engine overhauls in 2015, driven by our fleet renewal program.
- Selling expenses per ASM decreased 10.5% primarily due to lower contractually negotiated rates for certain commissions and booking fees as well as lower revenues in 2015.
- Other operating expenses per ASM increased 5.4% in 2015 as compared to 2014 primarily due to increases in crew travel and certain information technology projects, as well as enhancements to our aircraft food and catering offerings.

Operating Special Items, Net

	Year Ended December 31,	
	2015	2014
	(In millions)	
Merger integration costs [1]	$ 826	$ 732
Fleet restructuring costs [2]	210	88
Mark-to-market adjustments for bankruptcy obligations and other	(53)	81
Net gain on slot transactions	—	(265)
Charge to revise estimates of certain aircraft residual values	—	81
Other operating charges, net	68	83
Total mainline operating special items, net	1,051	800
Regional operating special items, net [3]	29	24
Total operating special items, net	$ 1,080	$ 824

(1) Merger integration costs included charges related to information technology, alignment of labor union contracts, professional fees, severance, relocation and training, re-branding of aircraft, airport facilities and uniforms and share-based compensation related to awards granted in connection with the Merger that fully vested in December 2015.

(2) Fleet restructuring costs included the acceleration of aircraft depreciation, impairments, remaining lease payments and lease return costs for aircraft currently grounded or expected to be grounded earlier than planned.

(3) Regional operating special items, net are included within other regional operating expenses and consisted primarily of a $24 million charge due to a new pilot labor contract at our Envoy regional subsidiary.

Regional Operating Expenses

Total regional expenses decreased $533 million, or 8.2%, in 2015 as compared to 2014. The year-over-year decrease was primarily due to a $779 million, or 38.8%, decrease in fuel costs, offset in part by a $246 million, or 5.4%, increase in other regional operating expenses. The average price per gallon of fuel decreased 40.9% to $1.73 in 2015 from $2.92 in 2014. The increase in other regional operating expenses was principally due to increased flying under capacity purchase agreements. See Note 1 to AAG's Consolidated Financial Statements in Part II, Item 8A for further information on regional expenses.

Nonoperating Results

	Year Ended December 31,			
	2015	2014	Increase (Decrease)	Percent Increase (Decrease)
	(In millions, except percentage changes)			
Interest income	$ 39	$ 31	$ 8	26.0
Interest expense, net of capitalized interest	(880)	(887)	7	(0.8)
Other, net	(747)	(181)	(566)	nm
Total nonoperating expense, net	$ (1,588)	$ (1,037)	$ (551)	53.1

Our short-term investments in each period consisted of highly liquid investments that provided nominal returns.

In 2015, other nonoperating expense, net primarily included a $592 million special charge to write off all of the value of Venezuelan bolivars held by us due to continued lack of repatriations and deterioration of economic conditions in Venezuela. We also incurred $159 million of net foreign

currency losses. The foreign currency losses in 2015 were driven primarily by the strengthening of the U.S. dollar relative to other currencies, principally in Latin American and European markets.

In 2014, other nonoperating expense, net primarily included $114 million of net foreign currency losses, including a $43 million special charge for Venezuelan foreign currency losses and $56 million of special charges primarily due to early debt extinguishment costs related to the prepayment of our 7.50% senior secured notes and other indebtedness. The foreign currency losses in 2014 were driven primarily by the strengthening of the U.S. dollar relative to other currencies, principally in the Latin American market.

Income Taxes

In 2015, we reversed $3.0 billion of the valuation allowance on our deferred tax assets, which resulted in a special non-cash tax benefit recorded in our consolidated statement of operations.

In 2014, we recorded a $330 million provision for income taxes, which included $346 million of special tax charges. During 2014, we sold our portfolio of fuel hedging contracts that were scheduled to settle on or after June 30, 2014. As a result, a special $330 million non-cash tax provision was recorded, which is the tax effect associated with gains recorded in OCI principally in 2009 due to a net increase in the fair value of our fuel hedging contracts.

See Note 6 to AAG's Consolidated Financial Statements in Part II, Item 8A for additional information on income taxes.

American's Results of Operations

Results of Operations – 2016 Compared to 2015

American realized net income of $2.8 billion in 2016. This compares to $8.1 billion of net income in 2015, which included a special $3.5 billion non-cash tax benefit as American reversed the valuation allowance on its deferred tax assets, which include its federal and state NOLs. As a result of the reversal of the valuation allowance, American recorded a $1.7 billion provision for income taxes in 2016, which is substantially non-cash due to the utilization of NOLs. Accordingly, amounts reported in 2016 for income tax provision and net income are not comparable to 2015.

American realized pre-tax income of $4.4 billion and $4.7 billion in 2016 and 2015, respectively. American's 2016 pre-tax income was impacted by a decline in revenues due to lower yields. Salaries, wages and benefits costs were higher in 2016, driven by American's new labor contracts and the addition of an employee profit sharing program; however, these increases were substantially offset by a year-over-year decline in fuel costs.

Operating Revenues

	Year Ended December 31,		Increase (Decrease)	Percent Increase (Decrease)
	2016	2015		
	(In millions, except percentage changes)			
Mainline passenger	$ 27,909	$ 29,037	$ (1,128)	(3.9)
Regional passenger	6,670	6,475	195	3.0
Cargo	700	760	(60)	(7.9)
Other	4,884	4,666	218	4.7
Total operating revenues	$ 40,163	$ 40,938	$ (775)	(1.9)

Total operating revenues in 2016 decreased $775 million, or 1.9%, from 2015 driven by lower passenger revenues offset in part by higher other revenue.

Total passenger revenues declined $933 million, or 2.6%, in 2016 from 2015 driven by a decrease in yield due to competitive capacity growth, macroeconomic softness outside of the United States and foreign currency weakness.

Cargo revenue decreased $60 million, or 7.9%, in 2016 from 2015 driven primarily by a decrease in domestic and international freight yields.

Other revenue primarily includes revenue associated with American's loyalty program, baggage fees, ticketing change fees, airport clubs and inflight services. Other revenue increased $218 million, or 4.7%, in 2016 from 2015 driven by an increase in loyalty program revenue. In 2016 and 2015, other revenues associated with American's loyalty program were $2.1 billion and $1.9 billion, respectively, of which $1.9 billion and $1.7 billion, respectively, related to the marketing component of mileage sales and other marketing related payments. This year-over-year increase was due to American's new co-branded credit card agreements which became effective in the third quarter of 2016. See Note 1(i) to American's Consolidated Financial Statements in Part II, Item 8B for additional information on the loyalty program.

Operating Expenses

	Year Ended December 31,		Increase (Decrease)	Percent Increase (Decrease)
	2016	2015		
	(In millions, except percentage changes)			
Aircraft fuel and related taxes	$ 5,071	$ 6,226	$ (1,155)	(18.5)
Salaries, wages and benefits	10,881	9,514	1,367	14.4
Maintenance, materials and repairs	1,834	1,889	(55)	(2.9)
Other rent and landing fees	1,772	1,731	41	2.4
Aircraft rent	1,203	1,250	(47)	(3.8)
Selling expenses	1,323	1,394	(71)	(5.0)
Depreciation and amortization	1,525	1,364	161	11.8
Special items, net	709	1,051	(342)	(32.6)
Other	4,532	4,378	154	3.5
Total mainline operating expenses	28,850	28,797	53	0.2
Regional expenses:				
Fuel	1,109	1,230	(121)	(9.8)
Other	4,900	4,722	178	3.8
Total regional operating expenses	6,009	5,952	57	1.0
Total operating expenses	$34,859	$34,749	$ 110	0.3

Total operating expenses were $34.9 billion in 2016, an increase of $110 million, or 0.3%, from 2015. The increase in operating expenses was due to higher salaries, wages and benefits driven by new labor contracts and the addition of an employee profit sharing program; however, these costs were substantially offset by a year-over-year decline in fuel costs.

Significant changes in the components of mainline operating expenses are as follows:

- Aircraft fuel and related taxes decreased 18.5% primarily due to an 18.2% decrease in the average price per gallon of fuel to $1.41 in 2016 from an average price per gallon of $1.72 in 2015.
- Salaries, wages and benefits increased 14.4% primarily due to increased costs associated with new labor contracts and the addition of an employee profit sharing program.
- Selling expenses decreased 5.0% primarily due to lower credit card and booking fees.

- Depreciation and amortization increased 11.8% primarily due to the effect of purchased aircraft deliveries in connection with American's fleet renewal program.

Operating Special Items, Net

	Year Ended December 31,	
	2016	2015
	(In millions)	
Merger integration costs [1]	$ 514	$ 826
Fleet restructuring costs [2]	177	210
Mark-to-market adjustments for bankruptcy obligations and other	25	(53)
Other operating charges (credits), net	(7)	68
Total mainline operating special items, net	709	1,051
Regional operating special items, net [3]	13	18
Total operating special items, net	$ 722	$ 1,069

(1) Merger integration costs included charges related to information technology, re-branding of aircraft, airport facilities and uniforms, alignment of labor union contracts, professional fees, relocation, training and severance, and in 2015, also included share-based compensation related to awards granted in connection with the Merger that fully vested in December 2015.

(2) Fleet restructuring costs included the acceleration of aircraft depreciation, impairments, remaining lease payments and lease return costs for aircraft currently grounded or expected to be grounded earlier than planned.

(3) Regional operating special items, net are included within other regional operating expenses and principally related to Merger integration costs.

Regional Operating Expenses

Total regional expenses increased $57 million, or 1.0%, in 2016 as compared to 2015. The year-over-year increase was primarily due to a $178 million, or 3.8%, increase in other regional operating expenses driven by increased capacity. This was offset in part by a $121 million, or 9.8%, decrease in fuel costs. The decrease in fuel costs was driven primarily by a 14.5% decline in the average price per gallon of fuel to $1.48 in 2016 from $1.73 in 2015, offset in part by a 5.5% increase in gallons of fuel consumed. See Note 1 to American's Consolidated Financial Statements in Part II, Item 8B for further information on regional expenses.

Nonoperating Results

	Year Ended December 31,		Increase (Decrease)	Percent Increase (Decrease)
	2016	2015		
	(In millions, except percentage changes)			
Interest income	$ 104	$ 49	$ 55	nm
Interest expense, net of capitalized interest	(906)	(796)	(110)	13.8
Other, net	(59)	(774)	715	(92.4)
Total nonoperating expense, net	$ (861)	$ (1,521)	$ 660	(43.4)

American's short-term investments in each period consisted of highly liquid investments that provided nominal returns. Interest income increased $55 million principally due to a 50 basis point increase in average yields in 2016 as compared to 2015.

Interest expense, net of capitalized interest increased in 2016 primarily due to issuances of aircraft-related financings associated with American's fleet renewal program.

In 2016, other nonoperating expense, net primarily included $49 million of net special charges consisting of debt issuance and extinguishment costs associated with bond and term loan refinancings. Net foreign currency gains were nominal in 2016.

In 2015, other nonoperating expense, net primarily included a $592 million special charge to write off all of the value of Venezuelan bolivars held by American due to continued lack of repatriations and deterioration of economic conditions in Venezuela. American also incurred $159 million of net foreign currency losses. The foreign currency losses in 2015 were driven primarily by the strengthening of the U.S. dollar relative to other currencies, principally in Latin American and European markets.

Income Taxes

In 2016, American recorded a $1.7 billion provision for income taxes at an effective rate of approximately 37%, which was substantially non-cash as American utilized its NOLs. Substantially all of American's income before income taxes is attributable to the United States. At December 31, 2016, American had approximately $11.3 billion of gross NOLs to reduce future federal taxable income, substantially all of which are expected to be available for use in 2017.

In 2015, American reversed $3.5 billion of the valuation allowance on its deferred tax assets, which resulted in a special non-cash tax benefit recorded in American's consolidated statement of operations.

See Note 4 to American's Consolidated Financial Statements in Part II, Item 8B for additional information on income taxes.

Results of Operations – 2015 Compared to 2014

American realized net income of $8.1 billion in 2015, which included a special $3.5 billion non-cash tax benefit as American reversed the valuation allowance on its deferred tax assets, which include its federal and state NOLs. American realized net income of $2.9 billion in 2014. As a result of the valuation allowance reversal, amounts reported in 2015 for income tax benefit and net income are not comparable to 2014.

American realized pre-tax income of $4.7 billion and $3.3 billion in 2015 and 2014, respectively. American's 2015 pre-tax income was impacted by substantially lower fuel costs in 2015 as compared to 2014, offset in part by a decline in revenues driven by lower yields.

Operating Revenues

	Year Ended December 31,		Increase (Decrease)	Percent Increase (Decrease)
	2015	2014		
	(In millions, except percentage changes)			
Mainline passenger	$29,037	$30,802	$ (1,765)	(5.7)
Regional passenger	6,475	6,322	153	2.4
Cargo	760	875	(115)	(13.1)
Other	4,666	4,677	(11)	(0.2)
Total operating revenues	$40,938	$42,676	$ (1,738)	(4.1)

Total operating revenues in 2015 decreased $1.7 billion, or 4.1%, from 2014 principally driven by lower passenger revenues.

Total passenger revenues declined $1.6 billion, or 4.3%, in 2015 from 2014 driven by a decrease in yield due to competitive growth in certain domestic markets, including Dallas/Fort Worth, international weakness resulting from foreign currency devaluation relative to the U.S. dollar, lower fuel surcharges and economic softness in Latin America, particularly in Brazil and Venezuela.

Cargo revenue decreased $115 million, or 13.1%, in 2015 from 2014 driven primarily by a decrease in international freight yields.

Other revenue primarily includes revenue associated with American's loyalty program, baggage fees, ticketing change fees, airport clubs and inflight services. In 2015 and 2014, other revenues associated with American's loyalty program were $1.9 billion and $1.9 billion, respectively, of which $1.7 billion and $1.6 billion, respectively, related to the marketing component of mileage sales and other marketing related payments. See Note 1(i) to American's Consolidated Financial Statements in Part II, Item 8B for additional information on the loyalty program.

Operating Expenses

	Year Ended December 31,		Increase (Decrease)	Percent Increase (Decrease)
	2015	2014		
	(In millions, except percentage changes)			
Aircraft fuel and related taxes	$ 6,226	$ 10,592	$ (4,366)	(41.2)
Salaries, wages and benefits	9,514	8,499	1,015	11.9
Maintenance, materials and repairs	1,889	2,051	(162)	(7.9)
Other rent and landing fees	1,731	1,727	4	0.2
Aircraft rent	1,250	1,250	—	—
Selling expenses	1,394	1,544	(150)	(9.8)
Depreciation and amortization	1,364	1,301	63	4.8
Special items, net	1,051	783	268	34.2
Other	4,378	4,186	192	4.6
Total mainline operating expenses	28,797	31,933	(3,136)	(9.8)
Regional expenses:				
Fuel	1,230	2,009	(779)	(38.8)
Other	4,722	4,468	254	5.7
Total regional operating expenses	5,952	6,477	(525)	(8.1)
Total operating expenses	$ 34,749	$ 38,410	$ (3,661)	(9.5)

Total operating expenses were $34.7 billion in 2015, a decrease of $3.7 billion, or 9.5%, from 2014. The decrease in operating expenses was primarily due to substantially lower aircraft fuel costs, offset in part by higher salaries, wages and benefits driven by new labor contracts.

Significant changes in the components of mainline operating expenses are as follows:

- Aircraft fuel and related taxes decreased 41.2% primarily due to a 40.7% decrease in the average price per gallon of fuel to $1.72 in 2015 from an average price per gallon of $2.91 in 2014.
- Salaries, wages and benefits increased 11.9% primarily due to increased costs associated with new pilot, flight attendant and customer service and reservation agent joint collective bargaining agreements.
- Maintenance, materials and repairs decreased 7.9% primarily due to fewer engine overhauls in 2015, driven by American's fleet renewal program.

- Selling expenses decreased 9.8% primarily due to lower contractually negotiated rates for certain commissions and booking fees as well as lower revenues in 2015.

Operating Special Items, Net

	Year Ended December 31,	
	2015	2014
	(In millions)	
Merger integration costs [1]	$ 826	$ 732
Fleet restructuring costs [2]	210	88
Mark-to-market adjustments for bankruptcy obligations and other	(53)	60
Net gain on slot transactions	—	(265)
Charge to revise estimates of certain aircraft residual values	—	81
Other operating charges, net	68	87
Total mainline operating special items, net	1,051	783
Regional operating special items, net [3]	18	5
Total operating special items, net	$ 1,069	$ 788

(1) Merger integration costs included charges related to information technology, alignment of labor union contracts, professional fees, severance, relocation and training, re-branding of aircraft, airport facilities and uniforms and share-based compensation related to awards granted in connection with the Merger that fully vested in December 2015.

(2) Fleet restructuring costs included the acceleration of aircraft depreciation, impairments, remaining lease payments and lease return costs for aircraft currently grounded or expected to be grounded earlier than planned.

(3) Regional operating special items, net are included within other regional operating expenses and principally related to Merger integration costs.

Regional Operating Expenses

Total regional expenses decreased $525 million, or 8.1%, in 2015 as compared to 2014. The year-over-year decrease was primarily due to a $779 million, or 38.8%, decrease in fuel costs, offset in part by a $254 million, or 5.7%, increase in other regional operating expenses. The average price per gallon of fuel decreased 40.9% to $1.73 in 2015 from $2.92 in 2014. The increase in other regional operating expenses was principally due to increased flying under capacity purchase agreements. See Note 1 to American's Consolidated Financial Statements in Part II, Item 8B for further information on regional expenses.

Nonoperating Results

	Year Ended December 31,		Increase (Decrease)	Percent Increase (Decrease)
	2015	2014		
	(In millions, except percentage changes)			
Interest income	$ 49	$ 32	$ 17	51.7
Interest expense, net of capitalized interest	(796)	(847)	51	(6.1)
Other, net	(774)	(183)	(591)	nm
Total nonoperating expense, net	$ (1,521)	$ (998)	$ (523)	52.4

American's short-term investments in each period consisted of highly liquid investments that provided nominal returns.

In 2015, other nonoperating expense, net primarily included a $592 million special charge to write off all of the value of Venezuelan bolivars held by American due to continued lack of repatriations and deterioration of economic conditions in Venezuela. American also incurred $159 million of net foreign currency losses. The foreign currency losses in 2015 were driven primarily by the strengthening of the U.S. dollar relative to other currencies, principally in Latin American and European markets.

In 2014, other nonoperating expense, net primarily included $114 million of net foreign currency losses, including a $43 million special charge for Venezuelan foreign currency losses and $56 million of special charges primarily due to early debt extinguishment costs related to the prepayment of American's 7.50% senior secured notes and other indebtedness. The foreign currency losses in 2014 were driven primarily by the strengthening of the U.S. dollar relative to other currencies, principally in the Latin American market.

Income Taxes

In 2015, American reversed $3.5 billion of the valuation allowance on its deferred tax assets, which resulted in a special non-cash tax benefit recorded in American's consolidated statement of operations.

In 2014, American recorded a $320 million provision for income taxes, which included $344 million of special tax charges. During 2014, American sold its portfolio of fuel hedging contracts that were scheduled to settle on or after June 30, 2014. As a result, a special $328 million non-cash tax provision was recorded, which is the tax effect associated with gains recorded in OCI principally in 2009 due to a net increase in the fair value of American's fuel hedging contracts.

See Note 4 to American's Consolidated Financial Statements in Part II, Item 8B for additional information on income taxes.

Liquidity and Capital Resources

Liquidity

As of December 31, 2016, AAG had approximately $8.8 billion in total available liquidity and $638 million in restricted cash and short-term investments. Additional detail of our available liquidity is provided in the table below (in millions):

	AAG		American	
	December 31,		December 31,	
	2016	2015	2016	2015
Cash	$ 322	$ 390	$ 310	$ 364
Short-term investments.	6,037	5,864	6,034	5,862
Undrawn revolving credit facilities	2,425	2,425	2,425	2,425
Total available liquidity	$8,784	$8,679	$8,769	$8,651

Sources and Uses of Cash

AAG and American

2016 Compared to 2015

Operating Activities

AAG's net cash provided by operating activities was $6.5 billion and $6.2 billion in 2016 and 2015, respectively. While AAG's profitability was lower in 2016 as compared to 2015, cash provided by operating activities increased $275 million driven by certain payments received related to our new co-branded credit card agreements that became effective in the third quarter of 2016.

American's net cash provided by operating activities was $1.8 billion and $2.6 billion in 2016 and 2015, respectively, a year-over-year decrease of $837 million. We have the ability to move funds freely between our subsidiaries to support our cash requirements. The decline in American's operating cash flows from 2016 to 2015 was primarily due to intercompany transfers of cash from American to AAG in order to fund higher share repurchases in 2016. Additionally, in 2015, American's operating cash flows included the proceeds from the $500 million issuance of AAG's 4.625% senior notes, which also contributed to the year-over-year decline in operating cash flows. These declines were offset in part by the cash payments related to credit card agreements discussed above.

Investing Activities

AAG's net cash used in investing activities was $5.7 billion and $5.6 billion in 2016 and 2015, respectively. American's net cash used in investing activities was $5.6 billion in each of 2016 and 2015.

AAG and American's principal investing activities in 2016 each included expenditures of $5.7 billion for property and equipment, primarily 97 newly delivered aircraft, including 25 Airbus A321 aircraft, 24 Embraer 175 aircraft, 20 Boeing 737-800 aircraft, 18 Bombardier CRJ900 aircraft, eight Boeing 787 aircraft and two Boeing 777 aircraft. We also had net purchases of $149 million of short-term investments.

AAG and American's principal investing activities in 2015 included expenditures of $6.2 billion and $6.1 billion, respectively, for property and equipment, primarily 114 newly delivered aircraft and eight spare engines, including 38 Airbus A320 family aircraft, 24 Embraer 175 aircraft, 20 Bombardier CRJ900 aircraft, 17 Boeing 737-800 aircraft, 13 Boeing 787 aircraft and two Boeing 777 aircraft and the purchase of five Boeing 757 aircraft previously being leased. These cash outflows were offset in part by $391 million in net sales of short-term investments.

Financing Activities

AAG's net cash used in financing activities was $894 million and $1.3 billion in 2016 and 2015, respectively. American's net cash provided by financing activities was $3.8 billion and $2.4 billion in 2016 and 2015, respectively.

AAG and American's principal financing activities in 2016 each included proceeds of $7.7 billion from the issuance of debt, including the $2.8 billion issuance of EETCs by American, the $2.3 billion provided under the April 2016 and December 2016 Credit Facilities, the issuance of $844 million of special facility revenue refunding bonds related to JFK and an additional $1.8 billion borrowed in connection with the financing of certain aircraft. These cash inflows were offset in part by debt repayments of $3.8 billion by AAG and American, primarily including the repayment of approximately $588 million and $970 million in remaining principal of the 2013 Citicorp Credit Facility Tranche B-2 and Tranche B-1 term loans, respectively, and the refunding of approximately $1.0 billion of special facility revenue bonds related to JFK. In addition, AAG had cash outflows of $4.5 billion in share repurchases and $224 million in dividend payments.

AAG and American's principal financing activities in 2015 included proceeds from the issuance of debt of $5.0 billion and $4.5 billion, respectively, including the $2.3 billion issuance of EETCs by American, the $500 million issuance of 4.625% senior notes by AAG and other aircraft-related financings. These cash inflows were offset in part by debt repayments of $2.2 billion by AAG and American, including the $400 million repayment of American's AAdvantage loan with Citibank. In addition, AAG had cash outflows of $3.8 billion in share repurchases and $278 million in dividend payments.

2015 Compared to 2014

Operating Activities

AAG's net cash provided by operating activities was $6.2 billion and $3.1 billion in 2015 and 2014, respectively. The increase was primarily due to increased profitability driven by substantially lower fuel costs. In addition, a decrease in pension contributions from $810 million in 2014 to $6 million in 2015 contributed to increased operating cash flows. Our 2015 profitability was negatively affected by a $592 million charge to write off all of the value of Venezuelan bolivars held by us due to continued lack of repatriations and deterioration of economic conditions in Venezuela.

American's net cash provided by operating activities was $2.6 billion in each of 2015 and 2014. Cash flows were generated from increased profitability, driven by substantially lower fuel costs and a decrease in pension contributions, which were offset in part by American's funding of AAG's share repurchase activities. American's 2015 profitability was negatively affected by a $592 million charge to write off all of the value of Venezuelan bolivars held by American due to continued lack of repatriations and deterioration of economic conditions in Venezuela.

Investing Activities

Net cash used in investing activities was $5.6 billion and $2.9 billion in 2015 and 2014, respectively, for both AAG and American.

AAG and American's principal investing activities in 2015 included expenditures of $6.2 billion and $6.1 billion, respectively, for property and equipment, primarily 114 newly delivered aircraft and eight spare engines, including 38 Airbus A320 family aircraft, 24 Embraer 175 aircraft, 20 Bombardier CRJ900 aircraft, 17 Boeing 737-800 aircraft, 13 Boeing 787 aircraft and two Boeing 777 aircraft and five Boeing 757 aircraft previously being leased. These cash outflows were offset in part by $391 million in net sales of short-term investments.

AAG and American's principal investing activities in 2014 each included expenditures of $5.3 billion for property and equipment, primarily 70 newly delivered aircraft, including 25 Airbus A320 family aircraft, 20 Boeing 737-800 aircraft, 16 Bombardier CRJ900 aircraft, six Boeing 777 aircraft, and three Airbus A330 aircraft, the purchase of aircraft previously leased, including nine Airbus A320 family aircraft, three Airbus A330 aircraft and three Boeing 777 aircraft, as well as pre-delivery deposits for certain aircraft on order. These cash outflows were offset in part by $1.8 billion in net sales of short-term investments and $307 million in proceeds from the sale of DCA slots.

Financing Activities

AAG's net cash used in financing activities was $1.3 billion and $315 million in 2015 and 2014, respectively. American's net cash provided by financing activities was $2.4 billion and $143 million in 2015 and 2014, respectively.

AAG and American's principal financing activities in 2015 included proceeds from the issuance of debt of $5.0 billion and $4.5 billion, respectively, including the $2.3 billion issuance of EETCs by American, the $500 million issuance of 4.625% senior notes by AAG and other aircraft-related financings. These cash inflows were offset in part by debt repayments of $2.2 billion by AAG and American, including the $400 million repayment of American's AAdvantage loan with Citibank. In addition, AAG had cash outflows of $3.8 billion in share repurchases and $278 million in dividend payments.

AAG and American's principal financing activities in 2014 included proceeds from the issuance of debt of $3.3 billion and $2.6 billion, respectively, including the $1.5 billion issuance of EETCs by American, $1.5 billion of proceeds from the issuance of the 5.50% senior notes by AAG and the term

loan under the 2014 Credit Facilities, as well as $811 million of proceeds from sale-leaseback transactions related to the financing of 20 Boeing 737-800 aircraft. These cash inflows were offset in part by debt repayments of $3.1 billion by AAG and $3.0 billion by American, including the $1.0 billion prepayment of American's 7.50% senior secured notes and the $366 million prepayment of certain airport facility revenue bonds. In addition, AAG had cash outflows of $1.1 billion in share repurchases and $144 million in dividend payments.

Credit Ratings

The following table details our credit ratings as of December 31, 2016:

	S&P Local Issuer Credit Rating	Fitch Issuer Default Credit Rating	Moody's Corporate Family Rating
AAG	BB-	BB-	Ba3
American.	BB-	BB-	*

* The credit agency does not rate this category for this entity.

A decrease in our credit ratings could cause our borrowing costs to increase, which would increase our interest expense and could affect our net income, and our credit ratings could adversely affect our ability to obtain additional financing. If our financial performance or industry conditions worsen, we may face future downgrades, which could negatively impact our borrowing costs and the prices of our equity or debt securities. In addition, any downgrade of our credit ratings may indicate a decline in our business and in our ability to satisfy our obligations under our indebtedness.

Commitments

For further information regarding our commitments, see the Notes to AAG's Consolidated Financial Statements in Part II, Item 8A and the Notes to American's Consolidated Financial Statements in Part II, Item 8B at the referenced footnotes below.

	AAG	American
Long-term debt and debt covenants	Note 5	Note 3
Employee benefit plans.	Note 9	Note 7
Commitments, contingencies and guarantees	Note 11	Note 9

Off-Balance Sheet Arrangements

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

We have no off-balance sheet arrangements of the types described in the first three categories above that we believe may have a material current or future effect on financial condition, liquidity or results of operations. Certain guarantees that we do not expect to have a material current or future effect on our financial condition, liquidity or results of operations are disclosed in Note 11 to AAG's Consolidated Financial Statements included in Part II, Item 8A and Note 9 to American's Consolidated Financial Statements in Part II, Item 8B.

Special Facility Revenue Bonds

We guarantee the payment of principal and interest of certain special facility revenue bonds issued by municipalities primarily to build or improve airport facilities and purchase equipment which are leased to us. Under such leases, we are required to make rental payments through 2035, sufficient to pay maturing principal and interest payments on the related bonds. As of December 31, 2016, the remaining lease payments guaranteeing the principal and interest on these bonds are $605 million, which are accounted for as operating leases.

Pass-Through Trusts

We have financed certain aircraft and engines with EETCs, issued by pass-through trusts. These trusts are off-balance sheet entities, the primary purpose of which is to finance the acquisition of flight equipment. Rather than finance each aircraft separately when such aircraft is purchased, delivered or refinanced, these trusts allow American to raise the financing for a number of aircraft at one time and, if applicable, place such funds in escrow pending a future purchase, delivery or refinancing of the relevant aircraft. The trusts were also structured to provide for certain credit enhancements, such as liquidity facilities to cover certain interest payments, that reduce the risks to the purchasers of the trust certificates and, as a result, reduce the cost of aircraft financing to American.

Each trust covers a set number of aircraft scheduled to be delivered or refinanced upon the issuance of the EETC or within a specific period of time thereafter. At the time of each covered aircraft financing, the relevant trust used the proceeds of the issuance of the EETC (which may have been available at the time of issuance thereof or held in escrow until financing of the applicable aircraft following its delivery) to purchase equipment notes relating to the financed aircraft. The equipment notes are issued, at American's election, in connection with a mortgage financing of the aircraft or, in certain cases, by a separate owner trust in connection with a leveraged lease financing of the aircraft. In the case of a leveraged lease financing, the owner trust then leases the aircraft to American. In both cases, the equipment notes are secured by a security interest in the aircraft. The pass-through trust certificates are not direct obligations of, nor are they guaranteed by, AAG or American. However, in the case of mortgage financings, the equipment notes issued to the trusts are direct obligations of American and, in certain instances, have been guaranteed by AAG. As of December 31, 2016, $10.9 billion associated with these mortgage financings is reflected as debt in the accompanying consolidated balance sheet.

With respect to leveraged leases, American evaluated whether the leases had characteristics of a variable interest entity. American concluded the leasing entities met the criteria for variable interest entities. American generally is not the primary beneficiary of the leasing entities if the lease terms are consistent with market terms at the inception of the lease and do not include a residual value guarantee, fixed-price purchase option or similar feature that obligates American to absorb decreases in value or entitles American to participate in increases in the value of the aircraft. American does not provide residual value guarantees to the bondholders or equity participants in the trusts. Some leases have a fair market value or a fixed price purchase option that allows American to purchase the aircraft at or near the end of the lease term. However, the option price approximates an estimate of the aircraft's fair value at the option date. Under this feature, American does not participate in any increases in the value of the aircraft. American concluded it is not the primary beneficiary under these arrangements. Therefore, American accounts for its EETC leveraged lease financings as operating leases. American's total future obligations under these leveraged lease financings are $1.5 billion as of December 31, 2016.

Contractual Obligations

The following table provides details of our future cash contractual obligations as of December 31, 2016. The table does not include commitments that are contingent on events or other factors that are uncertain or unknown at this time.

	Payments Due by Period						
	2017	2018	2019	2020	2021	2022 and Thereafter	Total
American [1]							
Debt and capital lease obligations [2], [4] (See Note 3)	$ 1,899	$1,954	$ 2,008	$ 3,416	$2,679	$ 10,837	$22,793
Interest obligations [3], [4]	913	879	814	703	566	1,572	5,447
Aircraft and engine purchase commitments [5] (See Note 9)	4,064	2,192	3,113	3,133	2,948	2,553	18,003
Operating lease commitments [6] (See Note 9)	2,242	2,010	1,813	1,638	1,213	3,785	12,701
Regional capacity purchase agreements [7] (See Note 9)	1,710	1,421	1,283	1,048	855	2,738	9,055
Minimum pension obligations [8] (See Note 7)	279	62	1,136	800	793	3,082	6,152
Retiree medical and other postretirement benefits and other obligations [8] (See Note 7 and Note 9)	483	388	229	126	98	320	1,644
Total American Contractual Obligations	$11,590	$8,906	$10,396	$10,864	$9,152	$ 24,887	$75,795
AAG Parent and Other AAG Subsidiaries [1]							
Debt and capital lease obligations [2] (See Note 5)	$ —	$ 500	$ 750	$ 506	$ 2	$ 22	$ 1,780
Interest obligations [3]	97	82	67	14	2	8	270
Operating lease commitments	8	6	2	1	1	8	26
Total AAG Contractual Obligations	$11,695	$9,494	$11,215	$11,385	$9,157	$ 24,925	$77,871

(1) For additional information, see the Notes to AAG's and American's Consolidated Financial Statements in Part II, Items 8A and 8B referenced in the table above.

(2) Amounts represent contractual amounts due. Excludes $216 million and $13 million of unamortized debt discount, debt premium and debt issuance costs as of December 31, 2016 for American and AAG, respectively.

(3) For variable-rate debt, future interest obligations are estimated using the current forward rates at December 31, 2016.

(4) Includes $10.9 billion of future principal payments and $2.6 billion of future interest payments, respectively, as of December 31, 2016, related to EETCs associated with mortgage financings for the purchase of certain aircraft.

(5) See Part I, Item 2. Properties – *"Aircraft and Engine Purchase Commitments"* for additional information about the firm commitment aircraft delivery schedule.

(6) Includes $1.5 billion of future minimum lease payments related to EETC leverage leased financings of certain aircraft as of December 31, 2016.

(7) Represents minimum payments under capacity purchase agreements with third-party regional carriers. These commitments are estimates of costs based on assumed minimum levels of flying under the capacity purchase agreements and our actual payments could differ materially.

(8) Includes minimum pension contributions based on actuarially determined estimates and retiree medical and other postretirement benefit payments and is based on estimated payments through 2026. The total pension contribution of $279 million in 2017 assumes a supplemental contribution of $254 million in addition to the $25 million minimum required contribution. See Note 9 to AAG's Consolidated Financial Statements in Part II, Item 8A and Note 7 to American's Consolidated Financial Statements in Part II, Item 8B for additional information on our minimum pension obligations.

Capital Raising Activity and Other Possible Actions

In light of our significant financial commitments related to, among other things, new aircraft and the servicing and amortization of existing debt and equipment leasing arrangements, we and our subsidiaries will regularly consider, and enter into negotiations related to, capital raising activity, which may include the entry into leasing transactions and future issuances of secured or unsecured debt obligations or additional equity securities in public or private offerings or otherwise. The cash available from operations and these sources, however, may not be sufficient to cover cash contractual obligations because economic factors may reduce the amount of cash generated by operations or increase costs. For instance, an economic downturn or general global instability caused by military actions, terrorism, disease outbreaks or natural disasters could reduce the demand for air travel, which would reduce the amount of cash generated by operations. An increase in costs, either due to an increase in borrowing costs caused by a reduction in credit ratings or a general increase in interest rates, or due to an increase in the cost of fuel, maintenance, or aircraft, aircraft engines or parts, could decrease the amount of cash available to cover cash contractual obligations. Moreover, certain of our financing arrangements contain significant minimum cash balance requirements. As a result, we cannot use all of our available cash to fund operations, capital expenditures and cash obligations without violating these requirements. See Note 5 to AAG's Consolidated Financial Statements in Part II, Item 8A and Note 3 to American's Consolidated Financial Statements in Part II, Item 8B for information regarding our financing arrangements.

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

OTHER INFORMATION

Basis of Presentation

See Note 1 to AAG's Consolidated Financial Statements in Part II, Item 8A and Note 1 to American's Consolidated Financial Statements in Part II, Item 8B for information regarding the basis of presentation.

Critical Accounting Policies and Estimates

The preparation of financial statements in accordance with GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities at the date of the financial statements. We believe our estimates and assumptions are reasonable; however, actual results could differ from those estimates. Critical accounting policies are defined as those that are reflective of significant judgments and uncertainties and could potentially result in materially different results under

different assumptions and conditions. We have identified the following critical accounting policies that impact the preparation of our consolidated financial statements. See the "Basis of Presentation and Summary of Significant Accounting Policies" included in Note 1 to AAG's Consolidated Financial Statements in Part II, Item 8A and Note 1 to American's Consolidated Financial Statements in Part II, Item 8B for additional discussion of the application of these estimates and other accounting policies.

Passenger Revenue

Passenger revenue is recognized when transportation is provided. Ticket sales for transportation that has not yet been provided are initially deferred and recorded as air traffic liability on the consolidated balance sheets. The air traffic liability represents tickets sold for future travel dates and estimated future refunds and exchanges of tickets sold for past travel dates. The balance in the air traffic liability fluctuates throughout the year based on seasonal travel patterns and fare sale activity. Our air traffic liability was $3.9 billion and $3.7 billion as of December 31, 2016 and 2015, respectively.

The majority of tickets sold are nonrefundable. A small percentage of tickets, some of which are partially used tickets, expire unused. Due to complex pricing structures, refund and exchange policies, and interline agreements with other airlines, certain amounts are recognized in passenger revenue using estimates regarding both the timing of the revenue recognition and the amount of revenue to be recognized. These estimates are generally based on the analysis of our historical data. We and other airline industry participants have consistently applied this accounting method to estimate revenue from forfeited tickets at the date of travel. Estimated future refunds and exchanges included in the air traffic liability are routinely evaluated based on subsequent activity to validate the accuracy of our estimates. Any adjustments resulting from periodic evaluations of the estimated air traffic liability are included in passenger revenue during the period in which the evaluations are completed.

Loyalty Program

We currently operate the loyalty program, AAdvantage. This program awards mileage credits to passengers who fly on American, any **one**world airline or other partner airlines, or by using the services of other program participants, such as the Citi and Barclaycard US co-branded credit cards, hotels and car rental companies. Mileage credits can be redeemed for travel on American or other participating partner airlines.

We use the incremental cost method to account for the portion of our loyalty program liability incurred when AAdvantage members earn mileage credits by flying on American, any **one**world airline or other partner airlines. We have an obligation to provide future travel when these mileage credits are redeemed and therefore have recorded a liability for mileage credits outstanding.

The incremental cost liability includes all mileage credits, even mileage credits for members whose account balances have not yet reached the minimum level required to redeem an award. Mileage credits are subject to expiration. The liability for outstanding mileage credits is valued based on the estimated incremental cost of carrying one additional passenger. The estimated incremental cost primarily includes unit costs incurred for fuel, food and insurance as well as fees incurred when travel awards are redeemed on partner airlines. In calculating the liability, we estimate how many mileage credits will never be redeemed for travel and exclude those mileage credits from the estimate of the liability. Estimates are also made for the number of miles that will be used per award redemption and the number of travel awards that will be redeemed on partner airlines. These costs and estimates are based on our historical program experience as well as consideration of enacted program changes, as applicable. Changes in the liability resulting from members earning additional mileage credits or changes in estimates are recorded in the consolidated statements of operations as a part of passenger revenue.

As of December 31, 2016 and 2015, the liability for outstanding mileage credits accounted for under the incremental cost method was $669 million and $657 million, respectively, and is included on the consolidated balance sheets within loyalty program liability.

A change to certain estimates used in the calculation of incremental cost could have a material impact on the liability. A one percentage point increase or decrease in the percentage of travel awards redeemed on partner airlines would have an approximate $38 million impact on the liability as of December 31, 2016. A 10% increase or decrease in the assumed price per gallon of fuel would have an approximate $9 million impact on the liability as of December 31, 2016.

Additionally, we applied the acquisition method of accounting in connection with the Merger in December 2013 and recorded a liability for outstanding US Airways' mileage credits at fair value, an amount significantly in excess of incremental cost. At December 31, 2016, all the mileage credits associated with this liability have been recognized in passenger revenue. At December 31, 2015, this liability was $296 million and was included on the consolidated balance sheet within the loyalty program liability.

We also sell loyalty program mileage credits to participating airline partners and non-airline business partners. Sales of mileage credits to non-airline business partners is comprised of two components, transportation and marketing. We account for mileage sales under our agreements with non-airline business partners in accordance with Accounting Standards Update (ASU) No. 2009-13, "Revenue Recognition (Topic 605) – Multiple-Deliverable Revenue Arrangements." In accordance with Topic 605, we allocate the consideration received from the sale of mileage credits based on the relative selling price of each product or service delivered.

In 2016, American entered into new co-branded credit card program agreements with Citi and Barclaycard US. We identified the following revenue elements in these co-branded credit card agreements: the transportation component; the use of the American brand including access to loyalty program member lists, advertising and other travel related benefits (collectively, the marketing component).

The transportation component represents the estimated selling price of future travel awards and is determined using historical transaction information, including information related to customer redemption patterns. The transportation component is deferred based on its relative selling price and is amortized into passenger revenue on a straight-line basis over the period in which the mileage credits are expected to be redeemed for travel. As of December 31, 2016 and 2015, we had $2.1 billion and $1.5 billion, respectively, in deferred revenue from the sale of mileage credits recorded within loyalty program liability on our consolidated balance sheets.

A change to certain estimates used in the allocation of consideration received from the sale of mileage credits could have a material impact on the liability. A 10% increase or decrease in the relative selling price of the transportation component would have an approximate $81 million impact on the liability as of December 31, 2016.

The services under the marketing component are provided periodically, but no less than monthly. Accordingly, the marketing component is considered earned and recognized in other revenues in the period of the mileage sale. For the years ended December 31, 2016, 2015 and 2014, the marketing component of mileage sales and other marketing related payments included in other revenues was approximately $1.9 billion, $1.7 billion and $1.6 billion, respectively.

Long-lived Assets

Long-lived assets consist of flight equipment, as well as other fixed assets and finite-lived intangible assets such as certain domestic airport slots, customer relationships, marketing agreements,

tradenames and airport gate leasehold rights. In addition to the original cost, the recorded value of our fixed assets is impacted by a number of estimates made, including estimated useful lives, salvage values and our determination as to whether aircraft are temporarily or permanently grounded. Finite-lived intangible assets are originally recorded at their acquired fair values and are subsequently amortized over their estimated useful lives. See Note 1 to AAG's Consolidated Financial Statements in Part II, Item 8A and Note 1 to American's Consolidated Financial Statements in Part II, Item 8B for further information.

We record impairment charges on long-lived assets used in operations when events and circumstances indicate that the assets may be impaired. An asset or group of assets is considered impaired when the undiscounted cash flows estimated to be generated by the assets are less than the carrying amount of the assets and the net book value of the assets exceeds their estimated fair value.

If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Estimates of fair value represent management's best estimate based on appraisals, industry trends and reference to market rates and transactions.

The majority of American's fleet types are depreciated over 25-30 years. It is possible that the ultimate lives of our aircraft will be significantly different than the current estimate due to unforeseen events in the future that impact our fleet plan, including positive or negative developments in the areas described above. For example, operating the aircraft for a longer period will result in higher maintenance, fuel and other operating costs than if we replaced the aircraft.

Goodwill and Indefinite-lived Assets

Goodwill represents the excess of the purchase price over the fair value of the net assets acquired and liabilities assumed. Goodwill is not amortized but assessed for impairment annually on October 1st or more frequently if events or circumstances indicate that goodwill may be impaired. We have one consolidated reporting unit.

Indefinite-lived intangible assets other than goodwill include certain domestic airport slots at our hubs and international slots and route authorities. Indefinite-lived intangible assets are not amortized but instead are assessed for impairment annually on October 1st or more frequently if events or circumstances indicate that the asset may be impaired.

Goodwill and indefinite-lived intangible assets are measured for impairment by initially performing a qualitative assessment. Under the qualitative approach, we analyze the following factors to determine if events and circumstances have affected the fair value of goodwill and indefinite-lived intangible assets: (1) negative trends in our market capitalization, (2) an increase in fuel prices, (3) declining per mile passenger yields, (4) lower passenger demand as a result of a weakened U.S. and global economy and (5) changes to the regulatory environment.

If we determine that it is more likely than not that the asset value may be impaired, we use the quantitative approach to assess the asset's fair value and the amount of the impairment. Under the quantitative approach, we calculate the fair value of the asset using the following assumptions: (1) our projected revenues, expenses and cash flows, (2) an estimated weighted average cost of capital, (3) assumed discount rates depending on the asset, (4) a tax rate and (5) market prices for comparable assets. These assumptions are consistent with those which hypothetical market participants would use. If the asset's carrying value exceeds its fair value calculated using the quantitative approach, we will record an impairment charge for the difference in fair value and carrying value.

Based upon our annual assessment, there were no impairments of our goodwill and indefinite-lived assets in 2016.

Pensions and Retiree Medical and Other Postretirement Benefits

We recognize the funded status (i.e. the difference between the fair value of plan assets and the projected benefit obligations) of our pension and retiree medical and other postretirement benefits plans in the consolidated balance sheets with a corresponding adjustment to accumulated other comprehensive income (loss).

Our pension and retiree medical and other postretirement benefits costs and liabilities are calculated using various actuarial assumptions and methodologies. We use certain assumptions including, but not limited to, the selection of the: (i) discount rate; (ii) expected return on plan assets; (iii) expected health care cost trend rate and (iv) the estimated age of pilot retirement (as discussed below). These assumptions as of December 31 were:

	2016	2015
Pension weighted average discount rate [1]	4.30%	4.70%
Retiree medical and other postretirement benefits weighted average discount rate [1]	4.10%	4.42%
Expected rate of return on plan assets [2]	8.00%	8.00%
Weighted average health care cost trend rate assumed for next year [3]:		
Initial	4.25%	5.21%
Ultimate (2024)	3.77%	4.56%
Pilot Retirement Age	62	62

(1) When establishing our discount rate to measure our obligations, we match high quality corporate bonds available in the marketplace whose cash flows approximate our projected benefit disbursements. Lowering the discount rate by 50 basis points as of December 31, 2016 would increase our pension and retiree medical and other postretirement benefits obligations by approximately $1.2 billion and $44 million, respectively, and increase estimated 2017 pension expense by $4 million and decrease estimated 2017 retiree medical and other postretirement benefits expense by $1 million.

(2) The expected rate of return on plan assets is based upon an evaluation of our historical trends and experience, taking into account current and expected market conditions and our target asset allocation of 30% U.S. stocks, 22% developed international stocks, 20% long duration corporate and U.S. government/agency bonds, 20% alternative (private) investments and 8% emerging market stocks. The expected rate of return on plan assets component of our net periodic benefit cost is calculated based on the fair value of plan assets and our target asset allocation. Lowering the expected long-term rate of return on plan assets by 50 basis points as of December 31, 2016 would increase estimated 2017 pension expense and retiree medical and other postretirement benefits expense by approximately $51 million and $1 million, respectively.

(3) The assumed health care cost trend rate is based upon an evaluation of our historical trends and experience, taking into account current and expected market conditions. Increasing the assumed health care cost trend rate by 100 basis points would increase estimated 2017 retiree medical and other postretirement benefits expense by $5 million.

During 2016, we revised our mortality assumptions to incorporate the new mortality improvement scale issued by the Society of Actuaries. This resulted in a decrease in the projected benefit obligations of our pension and retiree medical and other postretirement benefits plans of $146 million and $5 million, respectively. We also reviewed and revised certain other economic and demographic assumptions including the pension and retiree medical and other postretirement benefits discount rates

and health care cost and trend rates. The net effect of changing these assumptions for the pension plans resulted in an increase of $891 million in the projected benefit obligation at December 31, 2016. The net effect of changing these assumptions for retiree medical and other postretirement benefits plans resulted in a decrease of $65 million in the projected benefit obligation at December 31, 2016.

See Note 9 to AAG's Consolidated Financial Statements in Part II, Item 8A and Note 7 to American's Consolidated Financial Statements in Part II, Item 8B for additional information regarding our employee benefit plans.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are recorded net as noncurrent deferred income taxes.

We provide a valuation allowance for our deferred tax assets when it is more likely than not that some portion, or all of our deferred tax assets, will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income. We consider all available positive and negative evidence and make certain assumptions in evaluating the realizability of our deferred tax assets. Many factors are considered that impact our projections of future profitability, including risks associated with remaining Merger integration activities as well as other conditions which are beyond our control, such as the health of the economy, the level and volatility of fuel prices and travel demand.

In connection with the preparation of our financial statements at the end of 2015, we determined that after considering all positive and negative evidence, including the completion of certain critical Merger integration milestones as well as our financial performance, it was more likely than not that substantially all of our deferred income tax assets, which include our NOLs, would be realized. Accordingly, we reversed $3.0 billion of the valuation allowance as of December 31, 2015, which resulted in a special non-cash tax benefit recorded in the consolidated statement of operations for 2015.

Recent Accounting Pronouncements

Revenue

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU 2014-09, "Revenue from Contracts with Customers (Topic 606)." ASU 2014-09 completes the joint effort by the FASB and International Accounting Standards Board (IASB) to improve financial reporting by creating common revenue recognition guidance for GAAP and International Financial Reporting Standards (IFRS). Subsequently, the FASB has issued several additional ASUs to clarify the implementation. The new revenue standard applies to all companies that enter into contracts with customers to transfer goods or services and is effective for public entities for interim and annual reporting periods beginning after December 15, 2017. Early adoption is permitted; however, we currently expect to adopt the new revenue standard effective January 1, 2018. Entities have the choice to apply the new revenue standard either retrospectively to each reporting period presented or by recognizing the cumulative effect of applying the new revenue standard at the date of initial application and not adjusting comparative information. We currently expect to adopt the new revenue standard using the full retrospective method.

We are still in the process of evaluating how the adoption of the new revenue standard will impact our consolidated financial statements. We currently expect that the new revenue standard will

materially impact our liability for outstanding mileage credits earned by AAdvantage loyalty program members when flying on American. We currently use the incremental cost method to account for this portion of our loyalty program liability, which values these mileage credits based on the estimated incremental cost of carrying one additional passenger (see Note 1 (i) Loyalty Program to AAG's Consolidated Financial Statements in Part II, Item 8A and Note 1 (i) Loyalty Program to American's Consolidated Financial Statements in Part II, Item 8B). The new revenue standard will require us to change our policy and apply a relative selling price approach whereby a portion of each passenger ticket sale attributable to mileage credits earned will be deferred and recognized in passenger revenue upon future mileage redemption. The carrying value of the earned mileage credits recognized in loyalty program liability is expected to be materially greater under the relative selling price approach than the value attributed to these mileage credits under the incremental cost method. The new revenue standard will also require us to reclassify certain ancillary fees to passenger revenue, which are currently included within other operating revenue.

Leases

In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)." ASU 2016-02 requires lessees to recognize a lease liability and a right-of-use asset on the balance sheet and aligns many of the underlying principles of the new lessor model with those in Accounting Standards Codification Topic 606, Revenue from Contracts with Customers. ASU 2016-02 is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early adoption is permitted. Entities are required to adopt the new lease standard using a modified retrospective approach for all leases existing at or commencing after the date of initial application with an option to use certain practical expedients. We are currently evaluating how the adoption of the new lease standard will impact our consolidated financial statements. Interpretations are on-going and could have a material impact on our implementation. Currently, we expect that the adoption of the new lease standard will have a material impact on our consolidated balance sheet due to the recognition of right-of-use assets and lease liabilities principally for certain leases currently accounted for as operating leases.

See Note 1 to AAG's Consolidated Financial Statements in Part II, Item 8A and Note 1 to American's Consolidated Financial Statements in Part II, Item 8B for further information on recent accounting pronouncements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The risk inherent in our market risk sensitive instruments and positions is the potential loss arising from adverse changes in the price of fuel, foreign currency exchange rates and interest rates as discussed below. The sensitivity analyses presented do not consider the effects that such adverse changes may have on overall economic activity, nor do they consider additional actions we may take to mitigate our exposure to such changes. Therefore, actual results may differ. See Note 7 to AAG's Consolidated Financial Statements in Part II, Item 8A and Note 5 to American's Consolidated Financial Statements in Part II, Item 8B for additional discussion regarding risk management matters.

Aircraft Fuel

Our operating results are materially impacted by changes in the availability, price volatility and cost of aircraft fuel, which represents one of the largest single cost items in our business. Because of the amount of fuel needed to operate our airlines, even a relatively small increase or decrease in the price of fuel can have a material effect on our costs and liquidity. Jet fuel market prices have fluctuated substantially over the past several years with market spot prices ranging from a low of approximately $0.80 per gallon to a high of approximately $3.34 per gallon during the period from January 1, 2012 to December 31, 2016.

As of December 31, 2016, we did not have any fuel hedging contracts outstanding to hedge our fuel consumption. As such, and assuming we do not enter into any future transactions to hedge our fuel consumption, we will continue to be fully exposed to fluctuations in fuel prices. Our current policy is not to enter into transactions to hedge our fuel consumption, although we review that policy from time to time based on market conditions and other factors. Our 2017 forecasted mainline and regional fuel consumption is approximately 4.3 billion gallons, and based on this forecast, a one cent per gallon increase in aviation fuel price would result in a $43 million increase in annual expense.

Foreign Currency

We are exposed to the effect of foreign exchange rate fluctuations on the U.S. dollar value of foreign currency-denominated operating revenues and expenses. Our largest exposure comes from the British pound, Euro, Canadian dollar and various Latin American currencies, primarily the Brazilian real. We do not currently have a foreign currency hedge program. A uniform 10% relative strengthening in the value of the U.S. dollar from 2016 levels relative to each of the currencies in which we have foreign currency exposure would have resulted in an increase in total nonoperating expense, net of approximately $193 million for the year ended December 31, 2016, and does not address any exposure to foreign currency held on our consolidated balance sheet.

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

Interest

Our earnings and cash flow are also affected by changes in interest rates due to the impact those changes have on our interest income from short-term investments, and our interest expense from variable-rate debt instruments.

Our largest exposure with respect to variable rate debt comes from changes in the London Interbank Offered Rate (LIBOR). We had variable rate debt instruments representing approximately 40% of our total long-term debt at December 31, 2016 for both AAG and American. We currently do not have an interest rate hedge program. If interest rates had increased 100 basis points in 2016, interest expense on variable-rate debt for 2016 would have increased by approximately $96 million and the fair value of fixed-rate debt would have decreased by approximately $708 million for AAG and $668 million for American at December 31, 2016.

ITEM 8A. CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA OF AMERICAN AIRLINES GROUP INC.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
American Airlines Group Inc.:

We have audited the accompanying consolidated balance sheets of American Airlines Group Inc. and subsidiaries (the Company) as of December 31, 2016 and 2015, and the related consolidated statements of operations, comprehensive income, cash flows, and stockholders' equity (deficit) for each of the years in the three-year period ended December 31, 2016. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of American Airlines Group Inc. and subsidiaries as of December 31, 2016 and 2015, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2016, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2016, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 22, 2017 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ KPMG LLP

Dallas, Texas
February 22, 2017

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

	Year Ended December 31,		
	2016	2015	2014
Operating revenues:			
Mainline passenger	$ 27,909	$ 29,037	$ 30,802
Regional passenger	6,670	6,475	6,322
Cargo	700	760	875
Other	4,901	4,718	4,651
Total operating revenues	40,180	40,990	42,650
Operating expenses:			
Aircraft fuel and related taxes	5,071	6,226	10,592
Salaries, wages and benefits	10,890	9,524	8,508
Regional expenses	6,044	5,983	6,516
Maintenance, materials and repairs	1,834	1,889	2,051
Other rent and landing fees	1,772	1,731	1,727
Aircraft rent	1,203	1,250	1,250
Selling expenses	1,323	1,394	1,544
Depreciation and amortization	1,525	1,364	1,295
Special items, net	709	1,051	800
Other	4,525	4,374	4,118
Total operating expenses	34,896	34,786	38,401
Operating income	5,284	6,204	4,249
Nonoperating income (expense):			
Interest income	63	39	31
Interest expense, net of capitalized interest	(991)	(880)	(887)
Other, net	(57)	(747)	(181)
Total nonoperating expense, net	(985)	(1,588)	(1,037)
Income before income taxes	4,299	4,616	3,212
Income tax provision (benefit)	1,623	(2,994)	330
Net income	$ 2,676	$ 7,610	$ 2,882
Earnings per common share:			
Basic	$ 4.85	$ 11.39	$ 4.02
Diluted	$ 4.81	$ 11.07	$ 3.93
Weighted average shares outstanding (in thousands):			
Basic	552,308	668,393	717,456
Diluted	556,099	687,355	734,016
Cash dividends declared per common share	$ 0.40	$ 0.40	$ 0.20

See accompanying notes to consolidated financial statements.

AMERICAN AIRLINES GROUP INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In millions)

	Year Ended December 31,		
	2016	2015	2014
Net income	$2,676	$7,610	$ 2,882
Other comprehensive income (loss), net of tax:			
Pension, retiree medical and other postretirement benefits:			
Amortization of actuarial loss and prior service cost	(65)	(108)	(163)
Current year change	(293)	(51)	(2,633)
Derivative financial instruments:			
Change in fair value	—	—	(54)
Reclassification into earnings	—	(9)	(4)
Unrealized gain (loss) on investments:			
Net change in value	7	(5)	(3)
Reversal of non-cash tax benefit	—	—	330
Total other comprehensive loss, net of tax	(351)	(173)	(2,527)
Total comprehensive income	$2,325	$7,437	$ 355

See accompanying notes to consolidated financial statements.

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

	December 31, 2016	December 31, 2015
ASSETS		
Current assets		
Cash	$ 322	$ 390
Short-term investments	6,037	5,864
Restricted cash and short-term investments	638	695
Accounts receivable, net	1,594	1,425
Aircraft fuel, spare parts and supplies, net	1,094	863
Prepaid expenses and other	639	748
Total current assets	10,324	9,985
Operating property and equipment		
Flight equipment	37,028	33,185
Ground property and equipment	7,116	6,402
Equipment purchase deposits	1,209	1,067
Total property and equipment, at cost	45,353	40,654
Less accumulated depreciation and amortization	(14,194)	(13,144)
Total property and equipment, net	31,159	27,510
Other assets		
Goodwill	4,091	4,091
Intangibles, net of accumulated amortization of $578 and $502, respectively	2,173	2,249
Deferred tax asset	1,498	2,477
Other assets	2,029	2,103
Total other assets	9,791	10,920
Total assets	$ 51,274	$ 48,415
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Current maturities of long-term debt and capital leases	$ 1,855	$ 2,231
Accounts payable	1,592	1,563
Accrued salaries and wages	1,516	1,205
Air traffic liability	3,912	3,747
Loyalty program liability	2,789	2,525
Other accrued liabilities	2,208	2,334
Total current liabilities	13,872	13,605
Noncurrent liabilities		
Long-term debt and capital leases, net of current maturities	22,489	18,330
Pension and postretirement benefits	7,842	7,450
Deferred gains and credits, net	526	667
Other liabilities	2,760	2,728
Total noncurrent liabilities	33,617	29,175
Commitments and contingencies (Note 11)		
Stockholders' equity		
Common stock, $0.01 par value; 1,750,000,000 shares authorized, 507,294,153 shares issued and outstanding at December 31, 2016; 624,622,381 shares issued and outstanding at December 31, 2015	5	6
Additional paid-in capital	7,223	11,591
Accumulated other comprehensive loss	(5,083)	(4,732)
Retained earnings (deficit)	1,640	(1,230)
Total stockholders' equity	3,785	5,635
Total liabilities and stockholders' equity	$ 51,274	$ 48,415

See accompanying notes to consolidated financial statements.

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

	December 31,		
	2016	2015	2014
Cash flows from operating activities:			
Net income	$ 2,676	$ 7,610	$ 2,882
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	1,818	1,609	1,513
Debt discount and lease amortization	(119)	(122)	(171)
Special items, non-cash	270	273	52
Pension and postretirement	(68)	(193)	(163)
Deferred income tax provision (benefit)	1,611	(3,014)	346
Share-based compensation	100	284	304
Other, net	(18)	(12)	3
Changes in operating assets and liabilities:			
Decrease (increase) in accounts receivable	(160)	352	(160)
Increase in other assets	(184)	(27)	(168)
Increase in accounts payable and accrued liabilities	307	173	110
Increase (decrease) in air traffic liability	164	(505)	(97)
Increase (decrease) in loyalty program liability	264	(295)	(229)
Contributions to pension plans	(32)	(6)	(810)
Increase (decrease) in other liabilities	(105)	122	(332)
Net cash provided by operating activities	6,524	6,249	3,080
Cash flows from investing activities:			
Capital expenditures and aircraft purchase deposits	(5,731)	(6,151)	(5,311)
Purchases of short-term investments	(6,241)	(8,126)	(5,380)
Sales of short-term investments	6,092	8,517	7,179
Decrease in restricted cash and short-term investments	57	79	261
Net proceeds from slot transaction	—	—	307
Proceeds from sale of an investment	—	52	—
Proceeds from sale of property and equipment	123	35	33
Other investing activities	2	—	—
Net cash used in investing activities	(5,698)	(5,594)	(2,911)
Cash flows from financing activities:			
Payments on long-term debt and capital leases	(3,827)	(2,153)	(3,132)
Proceeds from issuance of long-term debt	7,701	5,009	3,302
Deferred financing costs	(77)	(87)	(106)
Sale-leaseback transactions	5	43	811
Exercise of stock options	—	—	10
Treasury stock repurchases	(4,500)	(3,846)	(1,062)
Dividend payments	(224)	(278)	(144)
Other financing activities	28	53	6
Net cash used in financing activities	(894)	(1,259)	(315)
Net decrease in cash	(68)	(604)	(146)
Cash at beginning of year	390	994	1,140
Cash at end of year	$ 322	$ 390	$ 994

See accompanying notes to consolidated financial statements.

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

	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings (Deficit)	Total
Balance at December 31, 2013	$ 5	$ 10,592	$ (2,032)	$(11,296)	$(2,731)
Net income	—	—	—	2,882	2,882
Changes in pension, retiree medical and other postretirement benefits liability	—	—	(2,796)	—	(2,796)
Net changes in fair value of derivative financial instruments	—	—	(58)	—	(58)
Reversal of non-cash tax benefit	—	—	330	—	330
Cash tax withholding on shares issued	—	(110)	—	—	(110)
Purchase and retirement of 23,406,472 of AAG common stock	—	(1,000)	—	—	(1,000)
Dividends declared on common stock ($0.20 per share)	—	—	—	(148)	(148)
US Airways Group convertible debt settled with cash	—	(154)	—	—	(154)
Issuance of 5,701,776 shares of common stock pursuant to employee stock plans	—	10	—	—	10
Issuance of 57,393,096 shares of post-reorganization common stock	1	1,604	—	—	1,605
Issuance of 130,980,613 shares for optional conversion of preferred shares	1	3,889	—	—	3,890
Share-based compensation expense	—	304	—	—	304
Change in unrealized loss on investments	—	—	(3)	—	(3)
Balance at December 31, 2014	7	15,135	(4,559)	(8,562)	2,021
Net income	—	—	—	7,610	7,610
Changes in pension, retiree medical and other postretirement benefits liability	—	—	(159)	—	(159)
Net changes in fair value of derivative financial instruments	—	—	(9)	—	(9)
Cash tax withholding on shares issued	—	(306)	—	—	(306)
Purchase and retirement of 85,141,691 shares of AAG common stock	(1)	(3,585)	—	—	(3,586)
Dividends declared on common stock ($0.40 per share)	—	—	—	(278)	(278)
Issuance of 12,289,537 shares of common stock pursuant to employee stock plans	—	—	—	—	—
Settlement of single-dip unsecured claims held in distributed claims reserve	—	63	—	—	63
Share-based compensation expense	—	284	—	—	284
Change in unrealized loss on investments	—	—	(5)	—	(5)
Balance at December 31, 2015	6	11,591	(4,732)	(1,230)	5,635
Net income	—	—	—	2,676	2,676
Changes in pension, retiree medical and other postretirement benefits liability	—	—	(564)	—	(564)
Non-cash tax benefit	—	—	203		203
Cash tax withholding on shares issued	—	(56)	—	—	(56)
Purchase and retirement of 119,823,621 shares of AAG common stock	(1)	(4,415)	—	—	(4,416)
Dividends declared on common stock ($0.40 per share)	—	—	—	(224)	(224)
Issuance of 2,506,067 shares of common stock pursuant to employee stock plans	—	—	—	—	—
Settlement of single-dip unsecured claims held in distributed claims reserve	—	3	—	—	3
Share-based compensation expense	—	100	—	—	100
Impact of adoption of Accounting Standards Update (ASU) 2016-09 (See Note 1 (r))	—	—	—	418	418
Change in unrealized loss on investments	—	—	10	—	10
Balance at December 31, 2016	$ 5	$ 7,223	$ (5,083)	$ 1,640	$ 3,785

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES GROUP INC.

1. Basis of Presentation and Summary of Significant Accounting Policies

(a) Basis of Presentation

American Airlines Group Inc. (we, us, our and similar terms, or AAG), a Delaware corporation, is a holding company whose primary business activity is the operation of a major network air carrier, providing scheduled air transportation for passengers and cargo through its mainline operating subsidiary, American Airlines, Inc. (American) and its wholly-owned regional airline subsidiaries, Envoy Aviation Group Inc. (Envoy), Piedmont Airlines, Inc. (Piedmont) and PSA Airlines, Inc. (PSA) that operate under capacity purchase agreements as American Eagle. On December 9, 2013, a subsidiary of AMR merged with and into US Airways Group, Inc. (US Airways Group), a Delaware corporation, which survived as a wholly-owned subsidiary of AAG, and AAG emerged from Chapter 11 (the Merger). Upon closing of the Merger and emergence from Chapter 11, AMR changed its name to American Airlines Group Inc.

The preparation of financial statements in accordance with accounting principles generally accepted in the United States (GAAP) requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates. The most significant areas of judgment relate to passenger revenue recognition, impairment of goodwill, impairment of long-lived and intangible assets, the loyalty program, valuation allowance for deferred tax assets, as well as pensions and retiree medical and other postretirement benefits. Certain prior year amounts have been reclassified to conform to the current year presentation.

(b) Short-term Investments

Short-term investments are classified as available-for-sale and stated at fair value. Realized gains and losses are recorded in nonoperating expense on the consolidated statement of operations. Unrealized gains and losses are recorded in accumulated other comprehensive loss on the consolidated balance sheet.

(c) Restricted Cash and Short-term Investments

We have restricted cash and short-term investments related primarily to collateral held to support workers' compensation obligations.

(d) Aircraft Fuel, Spare Parts, and Supplies, Net

Aircraft fuel is recorded on a first-in, first-out basis. Spare parts and supplies are recorded at net realizable value based on average costs. These items are expensed when used. An allowance for obsolescence is established for spare parts and supplies.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES GROUP INC.

(e) Operating Property and Equipment

Operating property and equipment is recorded at cost and depreciated or amortized to residual values over the asset's estimated useful life or the lease term, whichever is less, using the straight-line method. Residual values for aircraft, engines, and related rotable parts are generally 5% to 10% of original cost. Costs of major improvements that enhance the usefulness of the asset are capitalized and depreciated or amortized over the estimated useful life of the asset or the lease term, whichever is less. The estimated useful lives for the principal property and equipment classifications are as follows:

Principal Property and Equipment Classification	Estimated Useful Life
Aircraft, engines and related rotable parts	20 – 30 years
Buildings and improvements	Lesser of 5 – 30 years
Furniture, fixtures and other equipment	3 – 10 years
Capitalized software	5 – 10 years

We record impairment charges on operating property and equipment when events and circumstances indicate that the assets may be impaired. An asset or group of assets is considered impaired when the undiscounted cash flows estimated to be generated by the assets are less than the carrying amount of the assets and the net book value of the assets exceeds their estimated fair value. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less the cost to sell.

(f) Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are recorded net as noncurrent deferred income taxes.

We provide a valuation allowance for our deferred tax assets when it is more likely than not that some portion, or all of our deferred tax assets, will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income. We consider all available positive and negative evidence and make certain assumptions in evaluating the realizability of our deferred tax assets. Many factors are considered that impact our projections of future profitability, including risks associated with remaining Merger integration activities as well as other conditions which are beyond our control, such as the health of the economy, the level and volatility of fuel prices and travel demand.

(g) Goodwill

Goodwill represents the excess of the purchase price over the fair value of the net assets acquired and liabilities assumed. Goodwill is not amortized but assessed for impairment annually on October 1st or more frequently if events or circumstances indicate that goodwill may be impaired. We have one consolidated reporting unit.

Goodwill is measured for impairment by initially performing a qualitative assessment and, if necessary, then comparing the fair value of the reporting unit to its carrying value, including goodwill. If the fair value of the reporting unit is less than the carrying value, a second step is performed to

determine the implied fair value of goodwill. If the implied fair value of goodwill is lower than its carrying value, an impairment charge equal to the difference is recorded. Based upon our annual assessment, there was no goodwill impairment in 2016. The carrying value of the goodwill on our consolidated balance sheets was $4.1 billion as of December 31, 2016 and 2015.

(h) Other Intangibles, Net

Intangible assets consist primarily of domestic airport slots, customer relationships, marketing agreements, international slots and route authorities, airport gate leasehold rights and tradenames.

Finite-Lived Intangible Assets

Finite-lived intangible assets are amortized over their respective estimated useful lives and reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

The following table provides information relating to our amortizable intangible assets as of December 31, 2016 and 2015 (in millions):

	December 31,	
	2016	2015
Domestic airport slots	$ 365	$ 365
Customer relationships	300	300
Marketing agreements	105	105
Tradenames	35	35
Airport gate leasehold rights	137	137
Accumulated amortization	(578)	(502)
Total	$ 364	$ 440

Certain domestic airport slots and airport gate leasehold rights are amortized on a straight-line basis over 25 years. The customer relationships and marketing agreements were identified as intangible assets subject to amortization and are amortized on a straight-line basis over approximately nine years and 30 years, respectively. Tradenames are fully amortized.

We recorded amortization expense related to these intangible assets of $76 million, $55 million and $81 million for the years ended December 31, 2016, 2015 and 2014, respectively. We expect to record annual amortization expense for these intangible assets as follows (in millions):

2017	$ 45
2018	41
2019	41
2020	41
2021	41
2022 and thereafter	155
Total	$364

Indefinite-Lived Intangible Assets

Indefinite-lived intangible assets include certain domestic airport slots at our hubs and international slots and route authorities. Indefinite-lived intangible assets are not amortized but instead are

assessed for impairment annually on October 1st or more frequently if events or circumstances indicate that the asset may be impaired. As of December 31, 2016 and 2015, we had $1.8 billion of indefinite-lived intangible assets on our consolidated balance sheets.

Indefinite-lived intangible assets are reviewed for impairment by initially performing a qualitative assessment to determine whether we believe it is more likely than not that an asset has been impaired. If we believe impairment has occurred, we then evaluate for impairment by comparing the estimated fair value of assets to the carrying value. An impairment charge is recognized if the asset's estimated fair value is less than its carrying value. Based upon our annual assessment, there was no indefinite-lived intangible asset impairment in 2016.

(i) Loyalty Program

We currently operate the loyalty program, AAdvantage. This program awards mileage credits to passengers who fly on American, any **one**world airline or other partner airlines, or by using the services of other program participants, such as the Citi and Barclaycard US co-branded credit cards, hotels and car rental companies. Mileage credits can be redeemed for travel on American or other participating partner airlines.

We use the incremental cost method to account for the portion of our loyalty program liability incurred when AAdvantage members earn mileage credits by flying on American, any **one**world airline or other partner airlines. We have an obligation to provide future travel when these mileage credits are redeemed and therefore have recorded a liability for mileage credits outstanding.

The incremental cost liability includes all mileage credits, even mileage credits for members whose account balances have not yet reached the minimum level required to redeem an award. Mileage credits are subject to expiration. The liability for outstanding mileage credits is valued based on the estimated incremental cost of carrying one additional passenger. The estimated incremental cost primarily includes unit costs incurred for fuel, food and insurance as well as fees incurred when travel awards are redeemed on partner airlines. In calculating the liability, we estimate how many mileage credits will never be redeemed for travel and exclude those mileage credits from the estimate of the liability. Estimates are also made for the number of miles that will be used per award redemption and the number of travel awards that will be redeemed on partner airlines. These costs and estimates are based on our historical program experience as well as consideration of enacted program changes, as applicable. Changes in the liability resulting from members earning additional mileage credits or changes in estimates are recorded in the consolidated statements of operations as a part of passenger revenue.

As of December 31, 2016 and 2015, the liability for outstanding mileage credits accounted for under the incremental cost method was $669 million and $657 million, respectively, and is included on the consolidated balance sheets within loyalty program liability.

Additionally, we applied the acquisition method of accounting in connection with the Merger in December 2013 and recorded a liability for outstanding US Airways' mileage credits at fair value, an amount significantly in excess of incremental cost. At December 31, 2016, all the mileage credits associated with this liability have been recognized in passenger revenue. At December 31, 2015, this liability was $296 million and was included on the consolidated balance sheet within the loyalty program liability.

We also sell loyalty program mileage credits to participating airline partners and non-airline business partners. Sales of mileage credits to non-airline business partners is comprised of two components,

transportation and marketing. We account for mileage sales under our agreements with non-airline business partners in accordance with Accounting Standards Update (ASU) No. 2009-13, "Revenue Recognition (Topic 605) – Multiple-Deliverable Revenue Arrangements." In accordance with Topic 605, we allocate the consideration received from the sale of mileage credits based on the relative selling price of each product or service delivered.

In 2016, American entered into new co-branded credit card program agreements with Citi and Barclaycard US. We identified the following revenue elements in these co-branded credit card agreements: the transportation component; the use of the American brand including access to loyalty program member lists, advertising and other travel related benefits (collectively, the marketing component).

The transportation component represents the estimated selling price of future travel awards and is determined using historical transaction information, including information related to customer redemption patterns. The transportation component is deferred based on its relative selling price and is amortized into passenger revenue on a straight-line basis over the period in which the mileage credits are expected to be redeemed for travel. As of December 31, 2016 and 2015, we had $2.1 billion and $1.5 billion, respectively, in deferred revenue from the sale of mileage credits recorded within loyalty program liability on our consolidated balance sheets.

The services under the marketing component are provided periodically, but no less than monthly. Accordingly, the marketing component is considered earned and recognized in other revenues in the period of the mileage sale. For the years ended December 31, 2016, 2015 and 2014, the marketing component of mileage sales and other marketing related payments included in other revenues was approximately $1.9 billion, $1.7 billion and $1.6 billion, respectively.

(j) Revenue

Passenger Revenue

Passenger revenue is recognized when transportation is provided. Ticket sales for transportation that has not yet been provided are initially deferred and recorded as air traffic liability on the consolidated balance sheets. The air traffic liability represents tickets sold for future travel dates and estimated future refunds and exchanges of tickets sold for past travel dates. The balance in the air traffic liability fluctuates throughout the year based on seasonal travel patterns and fare sale activity. Our air traffic liability was $3.9 billion and $3.7 billion as of December 31, 2016 and 2015, respectively.

The majority of tickets sold are nonrefundable. A small percentage of tickets, some of which are partially used tickets, expire unused. Due to complex pricing structures, refund and exchange policies, and interline agreements with other airlines, certain amounts are recognized in passenger revenue using estimates regarding both the timing of the revenue recognition and the amount of revenue to be recognized. These estimates are generally based on the analysis of our historical data. We and other airline industry participants have consistently applied this accounting method to estimate revenue from forfeited tickets at the date of travel. Estimated future refunds and exchanges included in the air traffic liability are routinely evaluated based on subsequent activity to validate the accuracy of our estimates. Any adjustments resulting from periodic evaluations of the estimated air traffic liability are included in passenger revenue during the period in which the evaluations are completed.

We have arrangements with regional carriers to provide us with regional jet and turboprop service under the brand name "American Eagle." The American Eagle carriers include our wholly-owned

regional carriers, Envoy, PSA and Piedmont, as well as third-party regional carriers including Republic Airline Inc. (Republic), Mesa Airlines, Inc. (Mesa), Air Wisconsin Airlines Corporation (Air Wisconsin), Compass Airlines, LLC (Compass), ExpressJet Airlines, Inc. (ExpressJet), SkyWest Airlines, Inc. (SkyWest) and Trans States Airlines, Inc. (Trans States). We classify revenues generated from transportation on these carriers as regional passenger revenues. Liabilities related to tickets sold by us for travel on these air carriers is also included in our air traffic liability and are subsequently recognized as revenue in the same manner as described above.

Passenger Taxes and Fees

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

Cargo Revenue

Cargo revenue is recognized when we provide the transportation.

Other Revenue

Other revenue includes revenue associated with marketing services provided to our business partners as part of our loyalty program, baggage fees, ticketing change fees, airport clubs and inflight services. The accounting and recognition for the loyalty program marketing services are discussed in Note 1(i) above. Baggage fees, ticketing change fees, airport clubs and inflight service revenues are recognized when we provide the service.

(k) Maintenance, Materials and Repairs

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

(l) Selling Expenses

Selling expenses include credit card fees, commissions, computerized reservations systems fees and advertising. Advertising costs are expensed as incurred. Advertising expense was $116 million, $110 million and $92 million for the years ended December 31, 2016, 2015 and 2014, respectively.

(m) Share-based Compensation

We account for our share-based compensation expense based on the fair value of the stock award at the time of grant, which is recognized ratably over the vesting period of the stock award. Certain awards have performance conditions that must be achieved prior to vesting and are expensed based on the expected achievement at each reporting period. The fair value of stock options and stock appreciation rights (SARs) is estimated using a Black-Scholes option pricing model. The fair value of restricted stock units (RSUs) is based on the market price of the underlying shares of common stock on the date of grant. See Note 14 for further discussion of share-based compensation.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES GROUP INC.

(n) Deferred Gains and Credits, Net

Included within deferred gains and credits, net are amounts deferred and amortized into future periods associated with the adjustment of leases to fair value in connection with the application of acquisition accounting, deferred gains on the sale-leaseback of aircraft and certain vendor incentives. We periodically receive vendor incentives in connection with acquisition of aircraft and engines. These credits are deferred until aircraft and engines are delivered and then applied as a reduction to the cost of the related equipment.

(o) Foreign Currency Gains and Losses

Foreign currency gains and losses are recorded as part of other nonoperating expense, net in our consolidated statements of operations. Foreign currency gains for 2016 were $1 million. Foreign currency losses for 2015 and 2014 were $751 million and $114 million, respectively. Included in 2015 was a $592 million nonoperating special charge to write off all of the value of Venezuelan bolivars held by us due to continued lack of repatriations and deterioration of economic conditions in Venezuela.

(p) Other Operating Expenses

Other operating expenses includes costs associated with ground and cargo handling, crew travel, aircraft food and catering, passenger accommodation, airport security, international navigation fees and certain general and administrative expenses.

(q) Regional Expenses

Expenses associated with our wholly-owned regional airlines and third-party regional carriers operating under the brand name American Eagle are classified as regional expenses on the consolidated statements of operations. Regional expenses consist of the following (in millions):

	Year Ended December 31,		
	2016	2015	2014
Aircraft fuel and related taxes	$1,109	$1,230	$2,009
Salaries, wages and benefits	1,333	1,187	1,140
Capacity purchases from third-party regional carriers [1]	1,538	1,651	1,494
Maintenance, materials and repairs	345	323	367
Other rent and landing fees	564	504	444
Aircraft rent	36	34	35
Selling expenses	347	333	307
Depreciation and amortization	301	252	217
Special items, net	14	29	24
Other	457	440	479
Total regional expenses	$6,044	$5,983	$6,516

[1] For the years ended December 31, 2016, 2015 and 2014, the component of capacity purchase expenses related to aircraft deemed to be leased was approximately $405 million, $492 million and $447 million, respectively.

(r) Recent Accounting Pronouncements

Revenue

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU 2014-09, “Revenue from Contracts with Customers (Topic 606).” ASU 2014-09 completes the joint effort by the FASB and

International Accounting Standards Board (IASB) to improve financial reporting by creating common revenue recognition guidance for GAAP and International Financial Reporting Standards (IFRS). Subsequently, the FASB has issued several additional ASUs to clarify the implementation. The new revenue standard applies to all companies that enter into contracts with customers to transfer goods or services and is effective for public entities for interim and annual reporting periods beginning after December 15, 2017. Early adoption is permitted; however, we currently expect to adopt the new revenue standard effective January 1, 2018. Entities have the choice to apply the new revenue standard either retrospectively to each reporting period presented or by recognizing the cumulative effect of applying the new revenue standard at the date of initial application and not adjusting comparative information. We currently expect to adopt the new revenue standard using the full retrospective method.

We are still in the process of evaluating how the adoption of the new revenue standard will impact our consolidated financial statements. We currently expect that the new revenue standard will materially impact our liability for outstanding mileage credits earned by AAdvantage loyalty program members when flying on American. We currently use the incremental cost method to account for this portion of our loyalty program liability, which values these mileage credits based on the estimated incremental cost of carrying one additional passenger (see (i) Loyalty Program above). The new revenue standard will require us to change our policy and apply a relative selling price approach whereby a portion of each passenger ticket sale attributable to mileage credits earned will be deferred and recognized in passenger revenue upon future mileage redemption. The carrying value of the earned mileage credits recognized in loyalty program liability is expected to be materially greater under the relative selling price approach than the value attributed to these mileage credits under the incremental cost method. The new revenue standard will also require us to reclassify certain ancillary fees to passenger revenue, which are currently included within other operating revenue.

Leases

In February 2016, the FASB issued ASU 2016-02, “Leases (Topic 842).” ASU 2016-02 requires lessees to recognize a lease liability and a right-of-use asset on the balance sheet and aligns many of the underlying principles of the new lessor model with those in Accounting Standards Codification Topic 606, Revenue from Contracts with Customers. ASU 2016-02 is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early adoption is permitted. Entities are required to adopt the new lease standard using a modified retrospective approach for all leases existing at or commencing after the date of initial application with an option to use certain practical expedients. We are currently evaluating how the adoption of the new lease standard will impact our consolidated financial statements. Interpretations are on-going and could have a material impact on our implementation. Currently, we expect that the adoption of the new lease standard will have a material impact on our consolidated balance sheet due to the recognition of right-of-use assets and lease liabilities principally for certain leases currently accounted for as operating leases.

Share-based Compensation

In March 2016, the FASB issued ASU 2016-09, “Compensation – Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting.” ASU 2016-09 simplifies the accounting for share-based payment award transactions including the financial statement presentation of excess tax benefits and deficiencies, classification of awards as either equity or liabilities, accounting for forfeitures and classification on the statement of cash flows. ASU 2016-09 is effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. Early

adoption is permitted. We early adopted this standard during the second quarter of 2016. The adoption of this standard resulted in the recognition of $418 million of previously unrecognized excess tax benefits in deferred tax assets and an increase to retained earnings on the consolidated balance sheet as of the beginning of the current year, and the recognition of $15 million of excess tax benefits in the income tax provision for the year ended December 31, 2016.

Fair Value Measurement

In May 2015, the FASB issued ASU 2015-07, "Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or its Equivalent)." ASU 2015-07 requires that investments using the practical expedient to measure fair value at net asset value per share (or its equivalent) be excluded from the fair value hierarchy. Although the investments are not characterized within the fair value hierarchy, the amount of investments measured using the practical expedient must still be disclosed to allow for reconciliation of the total investments in the fair value hierarchy to total investments in the notes to the consolidated financial statements. ASU 2015-07 is effective for fiscal years beginning after December 15, 2015. We adopted this standard retrospectively during the year ended December 31, 2016. The adoption impacted the fair value hierarchy disclosures of our benefit plan assets, see Note 9 for further discussion.

Statement of Cash Flows

In November 2016, the FASB issued ASU 2016-18, "Statement of Cash Flows (Topic 230): Restricted Cash." ASU 2016-18 requires that the change in total cash, cash at beginning of period and cash at end of period on the statement of cash flows include restricted cash and restricted cash equivalents. ASU 2016-18 also requires companies who report cash and restricted cash separately on the balance sheet to reconcile those amounts to the statement of cash flows. This standard is to be applied retrospectively to each period presented and is effective for public entities for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted. This standard is not expected to have a material impact on our consolidated financial statements.

2. Special Items, Net

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

	Year Ended December 31,		
	2016	2015	2014
Mainline operating special items, net [1]	$ 709	$1,051	$ 800

[1] The 2016 mainline operating special items totaled a net charge of $709 million, which principally included $514 million of Merger integration expenses, $177 million of fleet restructuring expenses and a $25 million net charge consisting of mark-to-market adjustments for bankruptcy obligations.

The 2015 mainline operating special items totaled a net charge of $1.1 billion, which principally included $826 million of Merger integration expenses, $210 million of fleet restructuring expenses and a $53 million net credit consisting of mark-to-market adjustments for bankruptcy obligations.

The 2014 mainline operating special items totaled a net charge of $800 million, which primarily included $732 million of Merger integration expenses, $88 million of fleet restructuring expenses, an $81 million charge to revise prior estimates of certain aircraft residual values and an $81 million

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES GROUP INC.

net charge for bankruptcy-related items principally consisting of mark-to-market adjustments for bankruptcy obligations and professional fees. These charges were offset in part by a net $265 million gain related to the divestiture of slots.

Merger integration expenses included costs related to information technology, re-branding of aircraft, airport facilities and uniforms, alignment of labor union contracts, professional fees, relocation, training, and severance, and in 2015 and 2014, also included share-based compensation related to awards granted in connection with the Merger that fully vested in December 2015. Fleet restructuring expenses included the acceleration of aircraft depreciation, impairments, remaining lease payments and lease return costs for aircraft currently grounded or expected to be grounded earlier than planned.

The following additional amounts are also included in the consolidated statements of operations as follows (in millions):

	Year Ended December 31,		
	2016	2015	2014
Regional operating special items, net [1]	$ 14	$ 29	$ 24
Nonoperating special items, net [2]	49	594	132
Income tax special items, net [3]	—	(3,015)	346

(1) The 2016 and 2015 regional operating special items, net principally related to Merger integration expenses.

The 2014 regional operating special items, net consisted primarily of a $24 million charge due to a new pilot labor contract at our Envoy regional subsidiary.

(2) The 2016 nonoperating special items totaled a net charge of $49 million, which consisted of debt issuance and extinguishment costs associated with bond and term loan refinancings.

The 2015 nonoperating special items totaled a net charge of $594 million, which principally included a $592 million charge to write off all of the value of Venezuelan bolivars held by us due to continued lack of repatriations and deterioration of economic conditions in Venezuela.

The 2014 nonoperating special items totaled a net charge of $132 million, which principally included a $43 million charge for Venezuelan foreign currency losses and $56 million of early debt extinguishment costs primarily related to the prepayment of 7.50% senior secured notes and other indebtedness.

(3) In 2015, income tax special items totaled a net credit of $3.0 billion. In connection with the preparation of our financial statements for the fourth quarter of 2015, management determined that it was more likely than not that substantially all of our deferred tax assets, which include our net operating losses (NOLs), would be realized. Accordingly, we reversed $3.0 billion of the valuation allowance as of December 31, 2015, which resulted in a special non-cash tax benefit recorded in our consolidated statement of operations. See Note 6 for further information.

In 2014, income tax special items, net were $346 million. During 2014, we sold our portfolio of fuel hedging contracts that were scheduled to settle on or after June 30, 2014. In connection with this sale, we recorded a special non-cash tax provision of $330 million in the second quarter of 2014 that reversed the non-cash tax provision which was recorded in other comprehensive income (OCI), a subset of stockholders' equity, principally in 2009. This provision represents the tax effect associated with gains recorded in OCI principally in 2009 due to a net increase in the fair value of our fuel hedging contracts. In accordance with GAAP, we retained the $330 million tax provision in OCI until the last contract was settled or terminated.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES GROUP INC.

3. Earnings Per Common Share

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

	Year Ended December 31,		
	2016	2015	2014
Basic EPS:			
Net income	$ 2,676	$ 7,610	$ 2,882
Weighted average common shares outstanding (in thousands)	552,308	668,393	717,456
Basic EPS	$ 4.85	$ 11.39	$ 4.02
Diluted EPS:			
Net income	$ 2,676	$ 7,610	$ 2,882
Change in fair value of conversion feature on 7.25% convertible senior notes [(a)]	—	—	3
Net income for purposes of computing diluted EPS	$ 2,676	$ 7,610	$ 2,885
Share computation for diluted EPS (in thousands):			
Basic weighted average common shares outstanding	552,308	668,393	717,456
Dilutive effect of stock awards	3,791	18,962	15,603
Assumed conversion of convertible senior notes	—	—	957
Diluted weighted average common shares outstanding	556,099	687,355	734,016
Diluted EPS	$ 4.81	$ 11.07	$ 3.93
The following were excluded from the calculation of diluted EPS (in thousands):			
Stock options, SARs and RSUs because inclusion would be antidilutive	1,429	764	226

(a) In March 2014, we notified the holders of the 7.25% convertible senior notes that we had elected to settle all future conversions solely in cash instead of shares of AAG common stock in accordance with the related indenture. Thus, the diluted shares include the weighted average impact of the 7.25% convertible senior notes only for the period from January 1, 2014 to March 12, 2014. In addition, under GAAP, we must adjust the numerator for purposes of calculating diluted EPS by the change in fair value of the conversion feature from March 12, 2014 to May 15, 2014, which increased GAAP net income for purposes of computing diluted EPS by $3 million for the year ended December 31, 2014.

4. Share Repurchase Programs and Dividends

Since July 2014, our Board of Directors has approved several share repurchase programs aggregating $9.0 billion of authority. As of December 31, 2016, there was no remaining authority to repurchase shares under our existing share repurchase programs. However, in January 2017, our Board of Directors authorized a new $2.0 billion share repurchase program that expires on December 31, 2018.

During the year ended December 31, 2016, we repurchased 119.8 million shares of AAG common stock for $4.4 billion at a weighted average cost per share of $36.86. During the year ended December 31, 2015, we repurchased 85.1 million shares of AAG common stock for $3.6 billion at a weighted average cost per share of $42.09. During the year ended December 31, 2014, we

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES GROUP INC.

repurchased 23.4 million shares of AAG common stock for $1.0 billion at a weighted average cost per share of $42.72. Since the inception of the share repurchase programs in July 2014, we have repurchased 228.4 million shares of AAG common stock for $9.0 billion at a weighted average cost per share of $39.41.

Our Board of Directors declared the following cash dividends:

Year Ended December 31	Period	Per share	For stockholders of record as of	Payable on	Cash paid (millions)
2016	Fourth Quarter	$ 0.10	November 7, 2016	November 21, 2016	$ 52
	Third Quarter	0.10	August 5, 2016	August 19, 2016	53
	Second Quarter	0.10	May 4, 2016	May 18, 2016	58
	First Quarter	0.10	February 10, 2016	February 24, 2016	61
	Total	$ 0.40			$ 224
2015	Fourth Quarter	$ 0.10	November 5, 2015	November 19, 2015	$ 72
	Third Quarter	0.10	August 10, 2015	August 24, 2015	66
	Second Quarter	0.10	May 4, 2015	May 18, 2015	70
	First Quarter	0.10	February 9, 2015	February 23, 2015	70
	Total	$ 0.40			$ 278
2014	Fourth Quarter	$ 0.10	November 3, 2014	November 17, 2014	$ 72
	Third Quarter	0.10	August 4, 2014	August 18, 2014	72
	Total	$ 0.20			$ 144

Any future dividends that may be declared and paid from time to time will be subject to market and economic conditions, applicable legal requirements and other relevant factors. We are not obligated to continue a dividend for any fixed period, and payment of dividends may be suspended at any time at our discretion.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES GROUP INC.

5. Debt

Long-term debt and capital lease obligations included in the consolidated balance sheets consisted of (in millions):

	December 31, 2016	December 31, 2015
Secured		
2013 Credit Facilities, variable interest rate of 3.26%, installments through 2020 [a]	$ 1,843	$ 1,867
2014 Credit Facilities, variable interest rate of 3.25%, installments through 2021 [a]	735	743
April 2016 Credit Facilities, variable interest rate of 3.26%, installments through 2023 [a]	1,000	—
December 2016 Credit Facilities, variable interest rate of 3.25%, installments through 2023 [a]	1,250	—
2013 Citicorp Credit Facility Tranche B-1 [b]	—	980
2013 Citicorp Credit Facility Tranche B-2 [b]	—	588
Aircraft enhanced equipment trust certificates (EETCs), fixed interest rates ranging from 3.00% to 9.75%, maturing from 2017 to 2028 [c]	10,912	8,693
Equipment loans and other notes payable, fixed and variable interest rates ranging from 1.81% to 8.48%, maturing from 2017 to 2028 [d]	5,343	4,183
Special facility revenue bonds, fixed interest rates ranging from 5.00% to 8.00%, maturing from 2017 to 2035 [e]	891	1,080
Other secured obligations, fixed interest rates ranging from 3.60% to 12.24%, maturing from 2017 to 2028	849	923
	22,823	19,057
Unsecured		
5.50% senior notes, interest only payments until due in 2019 [f]	750	750
6.125% senior notes, interest only payments until due in 2018 [f]	500	500
4.625% senior notes, interest only payments until due in 2020 [f]	500	500
	1,750	1,750
Total long-term debt and capital lease obligations	24,573	20,807
Less: Total unamortized debt discount, debt premium and debt issuance costs	229	246
Less: Current maturities	1,855	2,231
Long-term debt and capital lease obligations, net of current maturities	$22,489	$18,330

The table below shows availability under revolving credit facilities, all of which were undrawn, as of December 31, 2016 (in millions):

2013 Revolving Facility	$1,400
2014 Revolving Facility	1,025
Total	$2,425

The April 2016 and December 2016 Credit Facilities each provide for a revolving credit facility that may be established in the future.

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Secured financings are collateralized by assets, primarily aircraft, engines, simulators, aircraft spare parts, airport leasehold rights, route authorities and airport slots. At December 31, 2016, we were operating 34 aircraft under capital leases. Leases can generally be renewed at rates based on fair market value at the end of the lease term for a number of additional years.

At December 31, 2016, the maturities of long-term debt and capital lease obligations are as follows (in millions):

2017	$ 1,899
2018	2,454
2019	2,758
2020	3,922
2021	2,681
2022 and thereafter	10,859
Total	$24,573

(a) 2013, 2014, April 2016 and December 2016 Credit Facilities

Certain details of our 2013, 2014, April 2016 and December 2016 Credit Facilities (collectively referred to as the Credit Facilities) are shown in the table below as of December 31, 2016:

	2013 Credit Facilities		2014 Credit Facilities		April and December 2016 Credit Facilities	
	2013 Term Loan	2013 Revolving Facility	2014 Term Loan	2014 Revolving Facility	April 2016 Term Loan	December 2016 Term Loan
Aggregate principal issued or credit facility availability	$1.9 billion	$1.4 billion	$750 million	$1.025 billion	$1.0 billion	$1.25 billion
Principal outstanding or drawn	$1.84 billion	$—	$735 million	$—	$1.0 billion	$1.25 billion
Maturity date	June 2020	October 2020	October 2021	October 2020	April 2023	December 2023
London Interbank Offered Rate (LIBOR) margin	2.50%(1),(2)	3.00%	2.50%(1)	3.00%	2.50%(1)	2.50%(1)

(1) LIBOR margin is subject to a floor of 0.75%.

(2) As AAG's corporate credit rating was Ba3 or higher from Moody's and BB- or higher from Standard and Poor's (S&P) as of December 31, 2016, the applicable LIBOR margin is 2.50% for the 2013 Term Loan; otherwise, the LIBOR margin would be 2.75%.

The Term Loans are repayable in annual installments in an amount equal to 1.00% of the principal amount, with any unpaid balance due on the respective maturity dates. Voluntary prepayments may be made by American at any time.

The proceeds from the April 2016 Term Loan and the December 2016 Term Loan were used to repay $588 million and $970 million, respectively, in remaining principal plus accrued and unpaid interest of the 2013 Citicorp Credit Facility tranche B-2 term loan (Tranche B-2) and tranche B-1 term loan (Tranche B-1), respectively, with the remainder of the proceeds to be used for general corporate purposes.

The 2013 and 2014 Revolving Facilities provide that American may from time to time borrow, repay and reborrow loans thereunder and have the ability to issue letters of credit thereunder in an aggregate

amount outstanding at any time up to $300 million. The 2013 and 2014 Revolving Facilities are each subject to an undrawn fee of 0.75%. As of December 31, 2016, there were no borrowings or letters of credit outstanding under the 2013 or 2014 Revolving Facilities. The April 2016 and December 2016 Credit Facilities each provide for a revolving credit facility that may be established in the future.

Subject to certain limitations and exceptions, the Credit Facilities are secured by certain collateral, including spare parts, certain slots, route authorities and airport gate leasehold rights. American has the ability to make future modifications to the collateral pledged, subject to certain restrictions. American's obligations under the Credit Facilities are guaranteed by AAG. American is required to maintain a certain minimum ratio of appraised value of the collateral to the outstanding loans as further described below in *"Collateral-Related Covenants."*

The Credit Facilities contain events of default customary for similar financings, including cross default to other material indebtedness. Upon the occurrence of an event of default, the outstanding obligations may be accelerated and become due and payable immediately. In addition, if a "change of control" occurs, American will (absent an amendment or waiver) be required to repay at par the loans outstanding under the Credit Facilities and terminate the 2013 and 2014 Revolving Facilities and any revolving credit facilities established under the April 2016 or December 2016 Credit Facilities. The Credit Facilities also include covenants that, among other things, require AAG to maintain a minimum aggregate liquidity (as defined in the Credit Facilities) of not less than $2.0 billion, and limit the ability of AAG and its restricted subsidiaries to pay dividends and make certain other payments, make certain investments, incur additional indebtedness, incur liens on the collateral, dispose of the collateral, enter into certain affiliate transactions and engage in certain business activities, in each case subject to certain exceptions.

(b) 2013 Citicorp Credit Facility

On May 23, 2013, American entered into a term loan credit facility (as amended, the 2013 Citicorp Credit Facility) with Citicorp North America, Inc., as administrative agent, and certain lenders. The 2013 Citicorp Credit Facility consisted of Tranche B-1 and Tranche B-2 that were repaid and terminated in 2016 in connection with American's entry into the April 2016 and December 2016 Credit Facilities discussed above.

(c) EETCs Issued in 2016

2016-1 EETCs

In January 2016, American created three pass-through trusts which issued approximately $1.1 billion aggregate principal amount of Series 2016-1 Class AA, Class A and Class B EETCs (the 2016-1 EETCs) in connection with the financing of 22 aircraft owned by American (the 2016-1 EETC Aircraft). All of the proceeds received from the sale of the 2016-1 EETCs have been used to purchase equipment notes issued by American. Interest and principal payments on the equipment notes are payable semi-annually in January and July of each year, which began in July 2016. These equipment notes are secured by liens on the 2016-1 EETC Aircraft.

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The details of the 2016-1 EETC equipment notes issued by American in three series are reflected in the table below as of December 31, 2016:

	2016-1 EETCs		
	Series AA	Series A	Series B
Aggregate principal issued	$584 million	$262 million	$228 million
Fixed interest rate per annum	3.575%	4.10%	5.25%
Maturity date	January 2028	January 2028	January 2024

2016-2 EETCs

In May and July 2016, American created three pass-through trusts which issued approximately $1.1 billion aggregate principal amount of Series 2016-2 Class AA, Class A and Class B EETCs (the 2016-2 EETCs) in connection with the financing of 22 aircraft owned by American (the 2016-2 EETC Aircraft). All of the proceeds received from the sale of the 2016-2 EETCs have been used to purchase equipment notes issued by American. Interest and principal payments on the equipment notes are payable semi-annually in June and December of each year, with interest payments that began in December 2016 and principal payments beginning in June 2017. These equipment notes are secured by liens on the 2016-2 EETC Aircraft.

The details of the 2016-2 EETC equipment notes issued by American in three series are reflected in the table below as of December 31, 2016:

	2016-2 EETCs		
	Series AA	Series A	Series B
Aggregate principal issued	$567 million	$261 million	$227 million
Fixed interest rate per annum	3.20%	3.65%	4.375%
Maturity date	June 2028	June 2028	June 2024

2016-3 EETCs

In October 2016, American created two pass-through trusts which issued approximately $814 million aggregate principal amount of Series 2016-3 Class AA and Class A EETCs (the 2016-3 EETCs) in connection with the financing of 25 aircraft owned by American or originally scheduled to be delivered to American through January 2017 (the 2016-3 EETC Aircraft). A portion of the proceeds received from the sale of the 2016-3 EETCs has been used to acquire Series AA and A equipment notes issued by American to the pass-through trusts and the balance of such proceeds is being held in escrow for the benefit of the holders of the 2016-3 EETCs until such time as American issues additional Series AA and A equipment notes to the pass-through trusts, which will purchase the notes with escrowed funds. These escrowed funds are not guaranteed by American and are not reported as debt on our consolidated balance sheet because the proceeds held by the depository are not American's assets.

As of December 31, 2016, approximately $705 million of the escrowed proceeds from the 2016-3 EETCs have been used to purchase equipment notes issued by American. Interest and principal payments on the equipment notes are payable semi-annually in April and October of each year, with interest payments beginning in April 2017 and principal payments beginning in October 2017. These equipment notes are secured by liens on the 2016-3 EETC Aircraft. The remaining escrowed proceeds of $109 million will be used to purchase equipment notes as new aircraft are financed following their delivery.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES GROUP INC.

The details of the 2016-3 EETC equipment notes issued by American in two series are reflected in the table below as of December 31, 2016:

	2016-3 EETCs	
	Series AA	Series A
Aggregate principal issued	$558 million	$256 million
Remaining escrowed proceeds	$75 million	$34 million
Fixed interest rate per annum	3.00%	3.25%
Maturity date	October 2028	October 2028

(d) Equipment Loans and Other Notes Payable Issued in 2016

In 2016, American entered into loan agreements to borrow $1.8 billion in connection with the financing of certain aircraft. Debt incurred under these loan agreements matures in 2021 through 2028 and bears interest at fixed and variable rates of LIBOR plus an applicable margin averaging 2.96% at December 31, 2016.

(e) Special Facility Revenue Bonds

2016 Financing Activity

In June 2016, the New York Transportation Development Corporation (NYTDC) issued approximately $844 million of special facility revenue refunding bonds (the 2016 JFK Bonds) on behalf of American. The net proceeds from the 2016 JFK Bonds generally were used to provide a portion of the funds to refinance $1.0 billion of special facility revenue bonds (Prior JFK Bonds), the net proceeds of which partially financed the construction of a terminal (the Terminal) used by American at John F. Kennedy International Airport (JFK).

American is required to pay debt service on the 2016 JFK Bonds through payments under a loan agreement with NYTDC, and American and AAG guarantee the 2016 JFK Bonds. American's and AAG's obligations under these guarantees are secured by a mortgage on American's lease of the Terminal and related property from the Port Authority of New York and New Jersey.

The 2016 JFK Bonds, in aggregate, were priced at approximately 107% of par value. The gross proceeds from the issuance of the 2016 JFK Bonds were approximately $907 million. Of this amount, approximately $895 million was used to partially fund the redemption of the Prior JFK Bonds. The 2016 JFK Bonds bear interest at 5.0% per annum and are comprised of $212 million of serial bonds, portions of which mature annually from August 1, 2017 to August 1, 2021, and $632 million of term bonds, $278 million of which matures on August 1, 2026 and $354 million of which matures on August 1, 2031. In connection with the refinancing of the Prior JFK Bonds, American recorded a special nonoperating charge of $36 million consisting of non-cash write offs of unamortized bond discounts and issuance costs as well as payments of redemption premiums and fees.

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(f) Senior Notes

The details of our 5.50%, 6.125% and 4.625% senior notes are shown in the table below as of December 31, 2016:

	5.50% Senior Notes	6.125% Senior Notes	4.625% Senior Notes
Aggregate principal issued and outstanding	$750 million	$500 million	$500 million
Maturity date	October 2019	June 2018	March 2020
Fixed interest rate per annum	5.50%	6.125%	4.625%
Interest payments	Semi-annually in arrears in April and October	Semi-annually in arrears in June and December	Semi-annually in arrears in March and September

The 5.50% senior notes and the 4.625% senior notes are senior unsecured obligations of AAG. The 6.125% senior notes are general unsecured senior obligations of AAG. The senior notes are fully and unconditionally guaranteed by American. The indentures for the senior notes contain covenants and events of default generally customary for similar financings. In addition, if we experience specific kinds of changes of control, we must offer to repurchase the senior notes at a price of 101% of the principal amount plus accrued and unpaid interest, if any, to (but not including) the repurchase date. Upon the occurrence of certain events of default, the senior notes may be accelerated and become due and payable.

Guarantees

As of December 31, 2016, AAG had issued guarantees covering approximately $844 million of American's special facility revenue bonds (and interest thereon) and $9.3 billion of American's secured debt (and interest thereon), including the Credit Facilities and certain EETC financings.

Collateral-Related Covenants

Certain of our debt financing agreements contain loan to value (LTV) ratio covenants and require us to annually appraise the related collateral. Pursuant to such agreements, if the LTV ratio exceeds a specified threshold, we are required, as applicable, to pledge additional qualifying collateral (which in some cases may include cash collateral), or pay down such financing, in whole or in part.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES GROUP INC.

Specifically, we are required to meet certain collateral coverage tests on an annual basis for four credit facilities, as described below:

	2013 Credit Facilities	2014 Credit Facilities	April 2016 Credit Facilities	December 2016 Credit Facilities
Frequency of Appraisals of Appraised Collateral	Annual	Annual	Annual	Annual
LTV Requirement	1.6x Collateral valuation to amount of debt outstanding (62.5% LTV)	1.6x Collateral valuation to amount of debt outstanding (62.5% LTV)	1.6x Collateral valuation to amount of debt outstanding (62.5% LTV)	1.6x Collateral valuation to amount of debt outstanding (62.5% LTV)
LTV as of Last Measurement Date	31.5%	23.2%	47.7%	61.8%
Collateral Description	Generally, certain slots, route authorities, and airport gate leasehold rights used by American to operate all services between the U.S. and South America	Generally, certain slots, route authorities and airport gate leasehold rights used by American to operate certain services between the U.S. and London Heathrow	Certain spare parts	Generally, certain Ronald Reagan Washington National Airport (DCA) slots, certain La Guardia Airport (LGA) slots, and certain simulators

At December 31, 2016, we were in compliance with the applicable collateral coverage tests as of the most recent measurement dates.

6. Income Taxes

The significant components of the income tax provision (benefit) were (in millions):

	Year Ended December 31,		
	2016	2015	2014
Current income tax provision (benefit):			
Federal	$ —	$ —	$ (25)
State and Local	12	20	9
Current income tax provision (benefit)	12	20	(16)
Deferred income tax provision (benefit):			
Federal	1,508	(2,884)	345
State and Local	103	(130)	1
Deferred income tax provision (benefit)	1,611	(3,014)	346
Total income tax provision (benefit)	$1,623	$(2,994)	$330

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES GROUP INC.

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

	Year Ended December 31,		
	2016	2015	2014
Statutory income tax provision	$1,505	$ 1,616	$ 1,123
State income tax provision, net of federal tax effect	63	72	75
Book expenses (benefits) not deductible for tax purposes	34	57	(1)
Bankruptcy administration expenses	1	3	95
Alternative minimum tax (AMT) credit refund	—	—	(24)
Change in valuation allowance	7	(4,742)	(1,323)
Income tax provision resulting from OCI allocation	—	—	330
Other, net	13	—	55
Income tax provision (benefit)	$1,623	$(2,994)	$ 330

We provide a valuation allowance for our deferred tax assets, which include our NOLs, when it is more likely than not that some portion, or all of our deferred tax assets, will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income. We consider all available positive and negative evidence and make certain assumptions in evaluating the realizability of our deferred tax assets. Many factors are considered that impact our projections of future profitability, including risks associated with remaining Merger integration activities as well as other conditions which are beyond our control, such as the health of the economy, the level and volatility of fuel prices and travel demand.

In connection with the preparation of our financial statements at the end of 2015, we determined that after considering all positive and negative evidence, including the completion of certain critical Merger integration milestones as well as our financial performance, it was more likely than not that substantially all of our deferred income tax assets, which include our NOLs, would be realized. Accordingly, we reversed $3.0 billion of the valuation allowance, which resulted in a special non-cash tax benefit recorded in the consolidated statement of operations.

For the year ended December 31, 2014, we recorded a $330 million tax provision. During 2014, we sold our portfolio of fuel hedging contracts that were scheduled to settle on or after June 30, 2014. In connection with this sale, we recorded a special non-cash tax provision of $330 million in the second quarter of 2014 that reversed the non-cash tax provision which was recorded in OCI, a subset of stockholders' equity, principally in 2009. This provision represents the tax effect associated with gains recorded in OCI principally in 2009 due to a net increase in the fair value of our fuel hedging contracts. In accordance with GAAP, we retained the $330 million tax provision in OCI until the last contract was settled or terminated.

In addition to the changes in the valuation allowance from operations described in the table above, the valuation allowance was also impacted by the changes in the components of accumulated other comprehensive income (loss), described in Note 10. The total increase in the valuation allowance was $7 million in 2016. The total decrease in the valuation allowance was $4.8 billion and $197 million in 2015 and 2014, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES GROUP INC.

The components of our deferred tax assets and liabilities were (in millions):

	December 31,	
	2016	2015
Deferred tax assets:		
Operating loss carryforwards	$ 3,853	$ 2,558
Pensions	2,610	2,436
Loyalty program liability	485	590
Alternative minimum tax credit carryforwards	344	346
Postretirement benefits other than pensions	291	340
Rent expense	256	134
Gains from lease transactions	213	262
Reorganization items	53	57
Other	972	1,200
Total deferred tax assets	9,077	7,923
Valuation allowance	(29)	(22)
Net deferred tax assets	9,048	7,901
Deferred tax liabilities:		
Accelerated depreciation and amortization	(7,216)	(5,158)
Other	(345)	(266)
Total deferred tax liabilities	(7,561)	(5,424)
Net deferred tax asset	$ 1,487	$ 2,477

At December 31, 2016, we had approximately $10.5 billion of gross NOL Carryforwards to reduce future federal taxable income, substantially all of which are expected to be available for use in 2017. The federal NOL Carryforwards will expire beginning in 2022 if unused. We also had approximately $3.7 billion of NOL Carryforwards to reduce future state taxable income at December 31, 2016, which will expire in years 2017 through 2036 if unused. Our ability to deduct our NOL Carryforwards and to utilize certain other available tax attributes can be substantially constrained under the general annual limitation rules of Section 382 where an “ownership change” has occurred. Substantially all of our remaining federal NOL Carryforwards (attributable to US Airways Group) are subject to limitation under Section 382; however, our ability to utilize such NOL Carryforwards is not anticipated to be effectively constrained as a result of such limitation. We elected to be covered by certain special rules for federal income tax purposes that permitted approximately $9.0 billion (with $8.9 billion of unlimited NOL still remaining at December 31, 2016) of our federal NOL Carryforwards to be utilized without regard to the annual limitation generally imposed by Section 382. Similar limitations may apply for state income tax purposes. Our ability to utilize any new NOL Carryforwards arising after the ownership changes is not affected by the annual limitation rules imposed by Section 382 unless another future ownership change occurs. Under the Section 382 limitation, cumulative stock ownership changes among material stockholders exceeding 50% during a rolling three-year period can potentially limit a company’s future use of NOLs and tax credits. See Part I, Item 1A. Risk Factors – *“Our ability to utilize our NOL Carryforwards may be limited”* for unaudited additional discussion of this risk.

At December 31, 2016, we had an AMT credit carryforward of approximately $339 million available for federal income tax purposes, which is available for an indefinite period.

In 2016, we recorded an income tax provision with an effective rate of approximately 38%, which was substantially non-cash as we utilized our NOLs described above. Substantially all of our income before income taxes is attributable to the United States.

We file our tax returns as prescribed by the tax laws of the jurisdictions in which we operate. Our 2013 through 2015 tax years are still subject to examination by the Internal Revenue Service. Various state and foreign jurisdiction tax years remain open to examination and we are under examination, in administrative appeals, or engaged in tax litigation in certain jurisdictions. We believe that the effect of any assessments will not be material to our consolidated financial statements.

The amount of, and changes to, our uncertain tax positions were not material in any of the years presented. We accrue interest and penalties related to unrecognized tax benefits in interest expense and operating expense, respectively.

7. Risk Management

Our economic prospects are heavily dependent upon two variables we cannot control: the health of the economy and the price of fuel.

Due to the discretionary nature of business and leisure travel spending, airline industry revenues are heavily influenced by the condition of the U.S. economy and economies in other regions of the world. Unfavorable conditions in these broader economies have resulted, and may result in the future, in decreased passenger demand for air travel and changes in booking practices, both of which in turn have had, and may have in the future, a strong negative effect on our revenues. In addition, during challenging economic times, actions by our competitors to increase their revenues can have an adverse impact on our revenues.

Our operating results are materially impacted by changes in the availability, price volatility and cost of aircraft fuel, which represents one of the largest single cost items in our business. Jet fuel market prices have fluctuated substantially over the past several years and prices continue to be highly volatile. Because of the amount of fuel needed to operate our business, even a relatively small increase or decrease in the price of fuel can have a material effect on our operating results and liquidity.

These additional factors could impact our results of operations, financial performance and liquidity:

(a) Credit Risk

Most of our receivables relate to tickets sold to individual passengers through the use of major credit cards or to tickets sold by other airlines and used by passengers on American. These receivables are short-term, mostly settled within seven days after sale. Bad debt losses, which have been minimal in the past, have been considered in establishing allowances for doubtful accounts. We do not believe we are subject to any significant concentration of credit risk.

(b) Interest Rate Risk

We have exposure to market risk associated with changes in interest rates related primarily to our variable rate debt obligations. Interest rates on $9.6 billion principal amount of long-term debt as of December 31, 2016 are subject to adjustment to reflect changes in floating interest rates. The weighted average effective interest rate on our variable rate debt was 3.1% at December 31, 2016. We do not currently have an interest rate hedge program.

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(c) Foreign Currency Risk

We are exposed to the effect of foreign exchange rate fluctuations on the U.S. dollar value of foreign currency-denominated operating revenues and expenses. Our largest exposure comes from the British pound, Euro, Canadian dollar and various Latin American currencies, primarily the Brazilian real. We do not currently have a foreign currency hedge program. See Part I, Item 1A. Risk Factors – *"We operate a global business with international operations that are subject to economic and political instability and have been, and in the future may continue to be, adversely affected by numerous events, circumstances or government actions beyond our control"* for unaudited additional discussion of this risk.

8. Fair Value Measurements

Assets Measured at Fair Value on a Recurring Basis

Fair value is defined as the price that would be received from the sale of an asset or paid to transfer a liability (i.e. an exit price) on the measurement date in an orderly transaction between market participants in the principal or most advantageous market for the asset or liability. Accounting standards include disclosure requirements around fair values used for certain financial instruments and establish a fair value hierarchy. The hierarchy prioritizes valuation inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market. Each fair value measurement is reported in one of three levels:

- Level 1 – Observable inputs such as quoted prices in active markets;
- Level 2 – Inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3 – Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

When available, we use quoted market prices to determine the fair value of our financial assets. If quoted market prices are not available, we measure fair value using valuation techniques that use, when possible, current market-based or independently-sourced market parameters, such as interest rates and currency rates.

We utilize the market approach to measure fair value for our financial assets. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets. Our short-term investments classified as Level 2 primarily utilize broker quotes in a non-active market for valuation of these securities. No changes in valuation techniques or inputs occurred during the year ended December 31, 2016.

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

	Fair Value Measurements as of December 31, 2016			
	Total	Level 1	Level 2	Level 3
Short-term investments [1], [2]:				
Money market funds	$ 589	$ 589	$ —	$ —
Corporate obligations	2,550	—	2,550	—
Bank notes/certificates of deposit/time deposits	2,898	—	2,898	—
	6,037	589	5,448	—
Restricted cash and short-term investments [1]	638	638	—	—
Total	$ 6,675	$ 1,227	$ 5,448	$ —

(1) Unrealized gains or losses on short-term investments and restricted cash and short-term investments are recorded in accumulated other comprehensive income (loss) at each measurement date.

(2) All short-term investments are classified as available-for-sale and stated at fair value. Our short-term investments mature in one year or less except for $385 million of bank notes/certificates of deposit/time deposits and $230 million of corporate obligations.

	Fair Value Measurements as of December 31, 2015			
	Total	Level 1	Level 2	Level 3
Short-term investments (1), (2):				
Money market funds	$ 1,010	$ 1,010	$ —	$ —
Government agency investments	1	—	1	—
Corporate obligations	2,191	—	2,191	—
Bank notes/certificates of deposit/time deposits	2,662	—	2,662	—
	5,864	1,010	4,854	—
Restricted cash and short-term investments (1)	695	695	—	—
Total	$ 6,559	$ 1,705	$ 4,854	$ —

(1) Unrealized gains or losses on short-term investments and restricted cash and short-term investments are recorded in accumulated other comprehensive income (loss) at each measurement date.

(2) All short-term investments are classified as available-for-sale and stated at fair value. Our short-term investments mature in one year or less except for $1.2 billion of bank notes/certificates of deposit/time deposits and $734 million of corporate obligations.

There were no Level 1 to Level 2 transfers during the years ended December 31, 2016 or 2015.

Fair Value of Debt

The fair value of our long-term debt was estimated using quoted market prices or discounted cash flow analyses, based on our current estimated incremental borrowing rates for similar types of borrowing arrangements. If our long-term debt was measured at fair value, it would have been classified as Level 2 in the fair value hierarchy.

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

	December 31, 2016		December 31, 2015	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Long-term debt, including current maturities	$24,344	$24,983	$20,561	$21,111

9. Employee Benefit Plans

We sponsor defined benefit and defined contribution pension plans for eligible employees. The defined benefit pension plans provide benefits for participating employees based on years of service and average compensation for a specified period of time before retirement. Effective November 1,

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2012, substantially all of our defined benefit pension plans were frozen and we began providing enhanced benefits under our defined contribution pension plans for certain groups. We use a December 31 measurement date for all of our defined benefit pension plans. We also provide certain retiree medical and other postretirement benefits, including health care and life insurance benefits, to retired employees. Effective November 1, 2012, we modified our retiree medical and other postretirement benefits plans to eliminate the company subsidy for employees who retire on or after November 1, 2012. As a result of modifications to our retiree medical and other postretirement benefits plans in 2012, we recognized a negative plan amendment of $1.9 billion, which is included as a component of actuarial gain in OCI and will be amortized over the future service life of the active plan participants for whom the benefit was eliminated, or approximately eight years. As of December 31, 2016, $871 million of actuarial gain remains to be amortized.

Benefit Obligations, Fair Value of Plan Assets and Funded Status

The following tables provide a reconciliation of the changes in the pension and retiree medical and other postretirement benefits obligations, fair value of plan assets and a statement of funded status as of December 31, 2016 and 2015:

	Pension Benefits		Retiree Medical and Other Postretirement Benefits	
	2016	2015	2016	2015
	(In millions)			
Benefit obligation at beginning of period	$16,395	$17,594	$ 1,131	$ 1,325
Service cost	2	2	3	3
Interest cost	749	737	47	50
Actuarial (gain) loss [1] [2]	729	(1,159)	(105)	(177)
Plan amendments	—	—	7	—
Settlements	(2)	(3)	—	—
Benefit payments	(635)	(776)	(92)	(94)
Other	—	—	—	24
Benefit obligation at end of period	$17,238	$16,395	$ 991	$ 1,131
Fair value of plan assets at beginning of period	$ 9,707	$10,986	$ 253	$ 244
Actual return on plan assets	915	(506)	22	(10)
Employer contributions	32	6	83	89
Settlements	(2)	(3)	—	—
Benefit payments	(635)	(776)	(92)	(94)
Other [3]	—	—	—	24
Fair value of plan assets at end of period	$10,017	$ 9,707	$ 266	$ 253
Funded status at end of period	$ (7,221)	$ (6,688)	$ (725)	$ (878)

[1] The December 31, 2016 and 2015 pension actuarial (gain) loss primarily relates to weighted average discount rate assumption changes and changes to our mortality assumptions.

[2] The December 31, 2016 and 2015 retiree medical and other postretirement benefits actuarial gain primarily relates to medical trend and cost assumption changes, favorable plan experience adjustments and weighted average discount rate assumption changes.

[3] At December 31, 2015, certain trust assets totaling approximately $24 million, were added to the retiree medical and other postretirement benefits plans asset values that were previously offset against the benefit obligation.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES GROUP INC.

Balance Sheet Position

	Pension Benefits		Retiree Medical and Other Postretirement Benefits	
	2016	2015	2016	2015
	(In millions)			
As of December 31,				
Current liability	$ 7	$ 7	$ 97	$ 109
Noncurrent liability [1]	7,214	6,681	628	769
Total liabilities	$7,221	$6,688	$ 725	$ 878
Net actuarial loss (gain)	$5,484	$5,047	$ (430)	$ (339)
Prior service cost (benefit) [1]	188	216	(837)	(1,084)
Total accumulated other comprehensive loss (income), pre-tax	$5,672	$5,263	$ (1,267)	$ (1,423)

[1] The 2016 noncurrent liability does not include $20 million of other postretirement benefits or $1 million of prior service cost. The 2015 noncurrent liability does not include $17 million of other postretirement benefits or $1 million of prior service cost.

Plans with Accumulated Benefit Obligations Exceeding Fair Value of Plan Assets

	Pension Benefits		Retiree Medical and Other Postretirement Benefits	
	2016	2015	2016	2015
	(In millions)			
Projected benefit obligation (PBO)	$17,209	$16,369	$ —	$ —
Accumulated benefit obligation (ABO)	17,197	16,357	—	—
Accumulated postretirement benefit obligation (APBO)	—	—	990	1,129
Fair value of plan assets	9,986	9,677	266	253
ABO less fair value of plan assets	7,211	6,680	—	—

Net Periodic Benefit Cost (Income)

	Pension Benefits			Retiree Medical and Other Postretirement Benefits		
	2016	2015	2014	2016	2015	2014
	(In millions)					
Defined benefit plans:						
Service cost	$ 2	$ 2	$ 3	$ 3	$ 3	$ 1
Interest cost	749	737	746	47	50	61
Expected return on assets	(750)	(851)	(786)	(20)	(19)	(19)
Settlements	—	1	4	—	—	—
Amortization of:						
Prior service cost (benefit) [1]	28	28	28	(240)	(243)	(244)
Unrecognized net loss (gain)	126	112	43	(17)	(9)	(8)
Net periodic benefit cost (income)	155	29	38	(227)	(218)	(209)
Defined contribution plan cost	766	662	546	N/A	N/A	N/A
Total cost (income)	$ 921	$ 691	$ 584	$ (227)	$ (218)	$ (209)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES GROUP INC.

(1) The 2016, 2015 and 2014 prior service cost does not include amortization of $1 million, $3 million and $14 million, respectively, related to other postretirement benefits.

The estimated amount of unrecognized net loss for the defined benefit pension plans that will be amortized from accumulated other comprehensive income (loss) into net periodic benefit cost over the next fiscal year is $144 million.

The estimated amount of unrecognized net gain for the retiree medical and other postretirement benefits plans that will be amortized from accumulated other comprehensive income (loss) into net periodic benefit cost over the next fiscal year is $23 million.

Assumptions

The following actuarial assumptions were used to determine our benefit obligations and net periodic benefit cost for the periods presented:

	Pension Benefits		Retiree Medical and Other Postretirement Benefits	
	2016	2015	2016	2015
Benefit obligations:				
Weighted average discount rate	4.30%	4.70%	4.10%	4.42%

	Pension Benefits			Retiree Medical and Other Postretirement Benefits		
	2016	2015	2014	2016	2015	2014
Net periodic benefit cost:						
Weighted average discount rate	4.70%	4.30%	5.10%	4.42%	4.00%	4.74%
Weighted average expected rate of return on plan assets	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Weighted average health care cost trend rate assumed for next year (1)	N/A	N/A	N/A	4.25%	5.21%	5.25%

(1) The weighted average health care cost trend rate at December 31, 2016 is assumed to decline gradually to 3.77% by 2024 and remain level thereafter.

As of December 31, 2016, our estimate of the long-term rate of return on plan assets was 8% based on the target asset allocation. Expected returns on long duration bonds are based on yields to maturity of the bonds held at year-end. Expected returns on other assets are based on a combination of long-term historical returns, actual returns on plan assets achieved over the last ten years, current and expected market conditions, and expected value to be generated through active management, currency overlay and securities lending programs.

A one percentage point change in the assumed health care cost trend rates would have the following effects on our retiree medical and other postretirement benefits plans (in millions):

	1% Increase	1% Decrease
Increase (decrease) on 2016 service and interest cost	$ 3	$ (3)
Increase (decrease) on benefit obligation as of December 31, 2016	53	(50)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES GROUP INC.

Minimum Contributions

We are required to make minimum contributions to our defined benefit pension plans under the minimum funding requirements of the Employee Retirement Income Security Act of 1974 and various other laws for U.S. based plans as well as under funding rules specific to countries where we maintain defined benefit plans. Based on current funding assumptions, we have minimum required contributions of $25 million for 2017. We expect to make supplemental contributions of $254 million to our U.S. based defined benefit plans in 2017. Currently, the minimum funding obligation for our U.S. based defined benefit pension plans is subject to temporary favorable rules that are scheduled to expire at the end of 2017. Our pension funding obligations are likely to increase materially following expiration of the temporary funding rules, when we will be required to make contributions relating to the 2018 fiscal year. The amount of these obligations will depend on the performance of our investments held in trust by the pension plans, interest rates for determining liabilities, the amount of and timing of any supplemental contributions and our actuarial experience.

Benefit Payments

The following benefit payments, which reflect expected future service as appropriate, are expected to be paid (approximately, in millions):

	2017	2018	2019	2020	2021	2022-2026
Pension	$688	$722	$762	$804	$845	$ 4,819
Retiree medical and other postretirement benefits	97	93	88	79	73	312

Plan Assets

The objectives of our investment policies are to: maintain sufficient income and liquidity to pay retirement benefits; produce a long-term rate of return that meets or exceeds the assumed rate of return for plan assets; limit the volatility of asset performance and funded status; and diversify assets among asset classes and investment managers.

Based on these investment objectives, a long-term strategic asset allocation has been established. This strategic allocation seeks to balance the potential benefit of improving funded position with the potential risk that the funded position would decline. The current strategic target asset allocation is as follows:

Asset Class/Sub-Class	Allowed Range
Equity	65% - 90%
Public:	
U.S.	20% - 45%
International	17% - 27%
Emerging Markets	5% - 11%
Alternative Investments	5% - 30%
Fixed Income	15% - 40%
U.S. Long Duration	15% - 40%
High Yield and Emerging Markets	0% - 10%
Other	0% - 5%
Cash Equivalents	0% - 5%

Public equity and emerging market fixed income securities are used to provide diversification and are expected to generate higher returns over the long-term than U.S. long duration bonds. Public

stocks are managed using a value investment approach in order to participate in the returns generated by stocks in the long-term, while reducing year-over-year volatility. U.S. long duration bonds are used to partially hedge the assets from declines in interest rates. Alternative (private) investments are used to provide expected returns in excess of the public markets over the long-term. Additionally, the pension plan's master trust engages currency overlay managers in an attempt to increase returns by protecting non-U.S. dollar denominated assets from a rise in the relative value of the U.S. dollar. The pension plan's master trust also participates in securities lending programs to generate additional income by loaning plan assets to borrowers on a fully collateralized basis. These programs are subject to market risk.

Investments in securities traded on recognized securities exchanges are valued at the last reported sales price on the last business day of the year. Securities traded in the over-the-counter market are valued at the last bid price. The money market fund is valued at fair value which represents the net asset value of the shares of such fund as of the close of business at the end of the period. Investments in limited partnerships are carried at estimated net asset value as determined by and reported by the general partners of the partnerships and represent the proportionate share of the estimated fair value of the underlying assets of the limited partnerships. Common/collective trusts are valued at net asset value based on the fair values of the underlying investments of the trusts as determined by the sponsor of the trusts. The pension plan's master trust also invests in a 103-12 investment entity (the 103-12 Investment Trust) which is designed to invest plan assets of more than one unrelated employer. The 103-12 Investment Trust is valued at net asset value which is determined by the issuer at the end of each month and is based on the aggregate fair value of trust assets less liabilities, divided by the number of units outstanding. No changes in valuation techniques or inputs occurred during the year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES GROUP INC.

Benefit Plan Assets Measured at Fair Value on a Recurring Basis

The fair value of our pension plan assets at December 31, 2016 and 2015, by asset category, are as follows (in millions):

	Fair Value Measurements as of December 31, 2016			
Asset Category	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Cash and cash equivalents	$ 573	$ —	$ —	$ 573
Equity securities:				
International markets [a], [b]	3,232	—	—	3,232
Large-cap companies [b]	2,253	—	—	2,253
Mid-cap companies [b]	371	—	—	371
Small-cap companies [b]	6	—	—	6
Mutual funds [c]	49	—	—	49
Fixed income:				
Corporate bonds [d]	—	2,337	—	2,337
Government securities [e]	—	150	—	150
U.S. municipal securities	—	37	—	37
Alternative instruments:				
Private equity partnerships [f]	—	—	21	21
Private equity partnerships measured at net asset value [f] [h]	—	—	—	703
Common/collective trusts [g]	—	32	—	32
Common/collective trusts and 103-12 Investment Trust measured at net asset value [g] [h]	—	—	—	227
Insurance group annuity contracts	—	—	2	2
Dividend and interest receivable	40	—	—	40
Due to/from brokers for sale of securities – net	(9)	—	—	(9)
Other liabilities – net	(7)	—	—	(7)
Total	$ 6,508	$ 2,556	$ 23	$10,017

a) Holdings are diversified as follows: 15% United Kingdom, 12% Japan, 10% France, 7% Switzerland, 6% Netherlands, 17% of other emerging markets and the remaining 33% with no concentration greater than 5% in any one country.

b) There are no significant concentrations of holdings by company or industry.

c) Investment includes mutual funds invested 42% in equity securities of large-cap, mid-cap and small-cap U.S. companies, 33% in U.S. treasuries and corporate bonds and 25% in equity securities of international companies.

d) Includes approximately 74% investments in corporate debt with a S&P rating lower than A and 26% investments in corporate debt with a S&P rating A or higher. Holdings include 86% U.S. companies, 12% international companies and 2% emerging market companies.

e) Includes approximately 61% investments in U.S. domestic government securities and 39% in emerging market government securities. There are no significant foreign currency risks within this classification.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES GROUP INC.

f) Includes limited partnerships that invest primarily in U.S. (95%) and European (5%) buyout opportunities of a range of privately held companies. The pension plan's master trust does not have the right to redeem its limited partnership investment at its net asset value, but rather receives distributions as the underlying assets are liquidated. It is estimated that the underlying assets of these funds will be gradually liquidated over the next one to ten years. Additionally, the pension plan's master trust has future funding commitments of approximately $456 million over the next ten years.

g) Investment includes 73% in an emerging market 103-12 Investment Trust with investments in emerging country equity securities, 12% in Canadian segregated balanced value, income growth and diversified pooled funds and 15% in a common/collective trust investing in securities of smaller companies located outside the U.S., including developing markets. Requests for withdrawals must meet specific requirements with advance notice of redemption preferred.

h) In accordance with ASU 2015-07, certain investments that are measured using net asset value per share (or its equivalent) as a practical expedient for fair value have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the notes to the consolidated financial statements.

	Fair Value Measurements as of December 31, 2015			
Asset Category	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Cash and cash equivalents	$ 287	$ —	$ —	$ 287
Equity securities:				
International markets [a], [b]	2,873	—	—	2,873
Large-cap companies [b]	1,999	—	—	1,999
Mid-cap companies [b]	361	—	—	361
Small-cap companies [b]	18	—	—	18
Mutual funds [c]	47	—	—	47
Fixed income:				
Corporate bonds [d]	—	2,204	—	2,204
Government securities [e]	—	917	—	917
U.S. municipal securities	—	48	—	48
Alternative instruments:				
Private equity partnerships [f]	—	—	16	16
Private equity partnerships measured at net asset value [f] [h]	—	—	—	706
Common/collective trusts [g]	—	30	—	30
Common/collective trusts and 103-12 Investment Trust measured at net asset value [g] [h]	—	—	—	189
Insurance group annuity contracts	—	—	2	2
Dividend and interest receivable	50	—	—	50
Due to/from brokers for sale of securities – net	23	—	—	23
Other assets – net	8	—	—	8
Other liabilities – net	(71)	—	—	(71)
Total	$ 5,595	$ 3,199	$ 18	$9,707

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES GROUP INC.

a) Holdings are diversified as follows: 16% United Kingdom, 12% Japan, 10% France, 7% Switzerland, 7% Netherlands, 6% Republic of Korea, 11% of other emerging markets and the remaining 31% with no concentration greater than 5% in any one country.

b) There are no significant concentrations of holdings by company or industry.

c) Investment includes mutual funds invested 40% in equity securities of large-cap, mid-cap and small-cap U.S. companies, 35% in U.S. treasuries and corporate bonds and 25% in equity securities of international companies.

d) Includes approximately 74% investments in corporate debt with a S&P rating lower than A and 26% investments in corporate debt with a S&P rating A or higher. Holdings include 82% U.S. companies, 16% international companies and 2% emerging market companies.

e) Includes approximately 75% investments in U.S. domestic government securities and 25% in emerging market government securities. There are no significant foreign currency risks within this classification.

f) Includes limited partnerships that invest primarily in U.S. (89%) and European (11%) buyout opportunities of a range of privately held companies. The pension plan's master trust does not have the right to redeem its limited partnership investment at its net asset value, but rather receives distributions as the underlying assets are liquidated. It is estimated that the underlying assets of these funds will be gradually liquidated over the next one to ten years. Additionally, the pension plan's master trust has future funding commitments of approximately $428 million over the next ten years.

g) Investment includes 73% in an emerging market 103-12 Investment Trust with investments in emerging country equity securities, 14% in Canadian segregated balanced value, income growth and diversified pooled funds and 13% in a common/collective trust investing in securities of smaller companies located outside the U.S., including developing markets. Requests for withdrawals must meet specific requirements with advance notice of redemption preferred.

h) In accordance with ASU 2015-07, certain investments that are measured using net asset value per share (or its equivalent) as a practical expedient for fair value have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the notes to the consolidated financial statements.

Changes in fair value measurements of Level 3 investments during the year ended December 31, 2016, were as follows (in millions):

	Private Equity Partnerships	Insurance Group Annuity Contracts
Beginning balance at December 31, 2015	$ 16	$ 2
Actual return on plan assets:		
Relating to assets sold during the period	7	—
Purchases	7	—
Sales	(9)	—
Ending balance at December 31, 2016	$ 21	$ 2

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES GROUP INC.

Changes in fair value measurements of Level 3 investments during the year ended December 31, 2015, were as follows (in millions):

	Private Equity Partnerships	Insurance Group Annuity Contracts
Beginning balance at December 31, 2014	$ 17	$ 2
Actual return on plan assets:		
Relating to assets still held at the reporting date	(1)	—
Ending balance at December 31, 2015	$ 16	$ 2

The fair value of our retiree medical and other postretirement benefits plans assets at December 31, 2016 by asset category, were as follows (in millions):

	Fair Value Measurements as of December 31, 2016			
Asset Category	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Money market fund	$ 5	$ —	$ —	$ 5
Mutual funds – Institutional Class	261	—	—	261
Total	$ 266	$ —	$ —	$266

The fair value of our retiree medical and other postretirement benefits plans assets at December 31, 2015 by asset category, were as follows (in millions):

	Fair Value Measurements as of December 31, 2015			
Asset Category	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Money market fund	$ 4	$ —	$ —	$ 4
Mutual funds – Institutional Class	19	—	—	19
Mutual funds – AMR Class	—	230	—	230
Total	$ 23	$ 230	$ —	$253

Investments in the retiree medical and other postretirement benefits plans' mutual funds are valued by quoted prices on the active market, which is fair value and represents the net asset value of the shares of such funds as of the close of business at the end of the period. AMR Class shares are offered without a sales charge to participants. Purchases are restricted to certain retirement benefit plans, including our retiree medical and other postretirement benefits plans, resulting in a fair value classification of Level 2. Investments include approximately 27% of investments in non-U.S. common stocks in each of 2016 and 2015. Net asset value is based on the fair market value of the funds' underlying assets and liabilities at the date of determination.

Profit Sharing Program

We instituted an employee profit sharing program effective on January 1, 2016 and accrue 5% of our pre-tax income excluding special items to distribute to employees in early 2017. For the year ended December 31, 2016, we accrued $314 million for this program.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES GROUP INC.

10. Accumulated Other Comprehensive Income (Loss)

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

	Pension, Retiree Medical and Other Postretirement Benefits	Derivative Financial Instruments	Unrealized Gain (Loss) on Investments	Income Tax Benefit (Provision) [1]	Total
Balance at December 31, 2014	$ (3,683)	$ 9	$ (5)	$ (880)	$(4,559)
Other comprehensive loss before reclassifications	(51)	—	(6)	—	(57)
Amounts reclassified from accumulated other comprehensive income (loss)	(108)	(9)	1	—	(116)
Net current-period other comprehensive loss	(159)	(9)	(5)	—	(173)
Balance at December 31, 2015	(3,842)	—	(10)	(880)	(4,732)
Other comprehensive income (loss) before reclassifications	(462)	—	10	166	(286)
Amounts reclassified from accumulated other comprehensive income (loss)	(102)	—	—	37[2]	(65)
Net current-period other comprehensive income (loss)	(564)	—	10	203	(351)
Balance at December 31, 2016	$ (4,406)	$ —	$ —	$ (677)	$(5,083)

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

(2) Relates to pension, retiree medical and other postretirement benefits obligations and is recognized within the income tax provision on the consolidated statement of operations.

Reclassifications out of AOCI for the years ended December 31, 2016 and 2015 are as follows (in millions):

AOCI Components	Amount reclassified from AOCI Year Ended December 31, 2016	Amount reclassified from AOCI Year Ended December 31, 2015	Affected line items on the consolidated statement of operations
Amortization of pension, retiree medical and other postretirement benefits:			
Prior service benefit	$ (134)	$ (212)	Salaries, wages and benefits
Actuarial loss	69	104	Salaries, wages and benefits
Derivative financial instruments:			
Cash flow hedges	—	(9)	Aircraft fuel and related taxes
Net unrealized change on investments:			
Net change in value	—	1	Other nonoperating, net
Total reclassifications for the period, net of tax	$ (65)	$ (116)	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES GROUP INC.

Amounts allocated to OCI for income taxes as further described in Note 6 will remain in AOCI until we cease all related activities, such as termination of the pension plan.

11. Commitments, Contingencies and Guarantees

(a) Aircraft and Engine Purchase Commitments

Under all of our aircraft and engine purchase agreements, our total future commitments as of December 31, 2016 are expected to be as follows (approximately, in millions):

	2017	2018	2019	2020	2021	2022 and Thereafter	Total
Payments for aircraft commitments and certain engines [1]	$ 4,064	$ 2,192	$ 3,113	$ 3,133	$ 2,948	$ 2,553	$ 18,003

[1] These amounts are net of purchase deposits currently held by the manufacturers and include all commitments for regional aircraft. American has granted a security interest in its purchase deposits with Boeing. Our purchase deposits held by all manufacturers totaled $1.2 billion as of December 31, 2016.

(b) Facility and support commitments

We have contracts related to facility construction or improvement projects, primarily at airport locations, as well as information technology support. The contractual obligations related to these contracts are presented in the table below (approximately, in millions):

	2017	2018	2019	2020	2021	2022 and Thereafter	Total
Facility construction or improvement contracts	$182	$126	$ 13	$ —	$ —	$ —	$321
Information technology contracts	205	168	128	47	24	8	580

(c) Capacity Purchase Agreements with Third-Party Regional Carriers

American has capacity purchase agreements with third-party regional carriers. The capacity purchase agreements provide that all revenues, including passenger, in-flight, ancillary, mail and freight revenues, go to American. In return, American agrees to pay predetermined fees to these airlines for operating an agreed-upon number of aircraft, without regard to the number of passengers on board. In addition, these agreements provide that American reimburses 100% of certain variable costs, such as airport landing fees and passenger liability insurance. American controls marketing, scheduling, ticketing, pricing and seat inventories.

As of December 31, 2016, American's capacity purchase agreements with third-party regional carriers had expiration dates ranging from 2017 to 2027, with rights of American to extend the respective terms of certain agreements. See Part I, Item 2. Properties for unaudited information on the aircraft operated by third-party regional carriers under such capacity purchase agreements.

As of December 31, 2016, American's minimum fixed obligations under its capacity purchase agreements with third-party regional carriers are as follows (approximately, in millions):

	2017	2018	2019	2020	2021	2022 and Thereafter	Total
Minimum fixed obligations under capacity purchase agreements with third-party regional carriers [1]	$ 1,710	$ 1,421	$ 1,283	$ 1,048	$ 855	$ 2,738	$ 9,055

(1) Represents minimum payments under capacity purchase agreements with third-party regional carriers. These commitments are estimates of costs based on assumed minimum levels of flying under the capacity purchase agreements and American's actual payments could differ materially. These obligations also include the portion of American's future obligations related to aircraft deemed to be leased in the amount of approximately $434 million in 2017, $370 million in 2018, $349 million in 2019, $317 million in 2020, $280 million in 2021 and $927 million in 2022 and thereafter.

(d) Operating Leases

We lease certain aircraft, engines and ground equipment, in addition to the majority of our ground facilities and terminal space. As of December 31, 2016, we had 419 aircraft under operating leases, with remaining terms ranging from three months to approximately 11 years. Airports are utilized for flight operations under lease arrangements with the municipalities or agencies owning or controlling such airports. Substantially all leases provide that the lessee must pay taxes, maintenance, insurance and certain other operating expenses applicable to the leased property. Some leases also include renewal and purchase options.

As of December 31, 2016, obligations under noncancellable operating leases for future minimum lease payments are as follows (approximately, in millions):

	2017	2018	2019	2020	2021	2022 and Thereafter	Total
Future minimum lease payments	$ 2,250	$ 2,016	$ 1,815	$ 1,639	$ 1,214	$ 3,793	$ 12,727

Mainline and regional rent expense, excluding landing fees, was $2.8 billion in each of 2016, 2015 and 2014.

(e) Off-Balance Sheet Arrangements

Aircraft

American currently operates 346 owned aircraft and 138 leased aircraft which were financed with EETCs issued by pass-through trusts. These trusts are off-balance sheet entities, the primary purpose of which is to finance the acquisition of flight equipment. Rather than finance each aircraft separately when such aircraft is purchased, delivered or refinanced, these trusts allow American to raise the financing for a number of aircraft at one time and, if applicable, place such funds in escrow pending a future purchase, delivery or refinancing of the relevant aircraft. The trusts were also structured to provide for certain credit enhancements, such as liquidity facilities to cover certain interest payments, that reduce the risks to the purchasers of the trust certificates and, as a result, reduce the cost of aircraft financing to American.

Each trust covers a set number of aircraft scheduled to be delivered or refinanced upon the issuance of the EETC or within a specific period of time thereafter. At the time of each covered aircraft financing, the relevant trust used the proceeds of the issuance of the EETC (which may have been available at the time of issuance thereof or held in escrow until financing of the applicable aircraft following its delivery) to purchase equipment notes relating to the financed aircraft. The equipment notes are issued, at American's election, in connection with a mortgage financing of the aircraft or, in certain cases, by a separate owner trust in connection with a leveraged lease financing of the aircraft. In the

case of a leveraged lease financing, the owner trust then leases the aircraft to American. In both cases, the equipment notes are secured by a security interest in the aircraft. The pass-through trust certificates are not direct obligations of, nor are they guaranteed by, AAG or American. However, in the case of mortgage financings, the equipment notes issued to the trusts are direct obligations of American and, in certain instances, have been guaranteed by AAG. As of December 31, 2016, $10.9 billion associated with these mortgage financings is reflected as debt in the accompanying consolidated balance sheet.

With respect to leveraged leases, American evaluated whether the leases had characteristics of a variable interest entity. American concluded the leasing entities met the criteria for variable interest entities. American generally is not the primary beneficiary of the leasing entities if the lease terms are consistent with market terms at the inception of the lease and do not include a residual value guarantee, fixed-price purchase option or similar feature that obligates American to absorb decreases in value or entitles American to participate in increases in the value of the aircraft. American does not provide residual value guarantees to the bondholders or equity participants in the trusts. Some leases have a fair market value or a fixed price purchase option that allows American to purchase the aircraft at or near the end of the lease term. However, the option price approximates an estimate of the aircraft's fair value at the option date. Under this feature, American does not participate in any increases in the value of the aircraft. American concluded it is not the primary beneficiary under these arrangements. Therefore, American accounts for its EETC leveraged lease financings as operating leases. American's total future obligations under these leveraged lease financings are $1.5 billion as of December 31, 2016, which are included in the future minimum lease payments table above.

Special Facility Revenue Bonds

AAG guarantees the payment of principal and interest of certain special facility revenue bonds issued by municipalities primarily to build or improve airport facilities and purchase equipment which is leased to American. Under such leases, American is required to make rental payments through 2035, sufficient to pay maturing principal and interest payments on the related bonds. As of December 31, 2016, the remaining lease payments guaranteeing the principal and interest on these bonds are $605 million, which are accounted for as operating leases.

(f) Legal Proceedings

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

Pursuant to rulings of the Bankruptcy Court, the Plan established the Disputed Claims Reserve to hold shares of AAG common stock reserved for issuance to disputed claimholders at the Effective Date that ultimately become holders of allowed claims. As of December 31, 2016, there were approximately 25.2 million shares of AAG common stock remaining in the Disputed Claims Reserve. As disputed claims are resolved, the claimants will receive distributions of shares from the Disputed Claims Reserve on the same basis as if such distributions had been made on or about the Effective Date. However, we are not required to distribute additional shares above the limits contemplated by the Plan, even if the shares remaining for distribution are not sufficient to fully pay any additional allowed

unsecured claims. To the extent that any of the reserved shares remain undistributed upon resolution of all remaining disputed claims, such shares will not be returned to us but rather will be distributed to former AMR stockholders.

There is also pending in the Bankruptcy Court an adversary proceeding relating to an action brought by American to seek a determination that certain non-pension, postemployment benefits are not vested benefits and thus may be modified or terminated without liability to American. On April 18, 2014, the Bankruptcy Court granted American's motion for summary judgment with respect to certain non-union employees, concluding that their benefits were not vested and could be terminated. The summary judgment motion was denied with respect to all other retirees. The Bankruptcy Court has not yet scheduled a trial on the merits concerning whether those retirees' benefits are vested, and American cannot predict whether it will receive relief from obligations to provide benefits to any of those retirees. Our financial statements presently reflect these retirement programs without giving effect to any modification or termination of benefits that may ultimately be implemented based upon the outcome of this proceeding.

DOJ Antitrust Civil Investigative Demand. In June 2015, we received a Civil Investigative Demand (CID) from the United States Department of Justice (DOJ) as part of an investigation into whether there have been illegal agreements or coordination of air passenger capacity. The CID seeks documents and other information from us, and other airlines have announced that they have received similar requests. We are cooperating fully with the DOJ investigation. In addition, subsequent to announcement of the delivery of CIDs by the DOJ, we, along with Delta Air Lines, Inc., Southwest Airlines Co., United Airlines, Inc. and, in the case of litigation filed in Canada, Air Canada, have been named as defendants in approximately 100 putative class action lawsuits alleging unlawful agreements with respect to air passenger capacity. The U.S. lawsuits have been consolidated in the Federal District Court for the District of Columbia. On October 28, 2016, the Court denied a motion by the airline defendants to dismiss all claims in the class actions. Both the DOJ investigation and these lawsuits are in their relatively early stages and we intend to defend these matters vigorously.

Private Party Antitrust Action. On July 2, 2013, a lawsuit captioned Carolyn Fjord, et al., v. US Airways Group, Inc., et al., was filed in the United States District Court for the Northern District of California. The complaint named as defendants US Airways Group and US Airways, Inc., alleged that the effect of the Merger may be to create a monopoly in violation of Section 7 of the Clayton Antitrust Act, and sought injunctive relief and/or divestiture. On August 6, 2013, the plaintiffs re-filed their complaint in the Bankruptcy Court, adding AMR and American as defendants. On November 27, 2013, the Bankruptcy Court denied plaintiffs' motion to preliminarily enjoin the Merger. On August 19, 2015, after three previous largely unsuccessful attempts to amend their complaint, plaintiffs filed a fourth motion for leave to file an amended and supplemental complaint to add a claim for damages and demand for jury trial, as well as claims similar to those in the putative class action lawsuits regarding air passenger capacity. Thereafter, plaintiffs filed a request with the Judicial Panel on Multidistrict Litigation to consolidate the Fjord matter with the putative class action lawsuits, which was denied on October 15, 2015. A jointly proposed schedule for the remainder of the case was submitted on September 7, 2016, which has not yet been accepted by the Bankruptcy Court. We believe this lawsuit is without merit and intend to vigorously defend against the allegations.

DOJ Investigation Related to the United States Postal Service. In April 2015, the DOJ informed us of an inquiry regarding American's 2009 and 2011 contracts with the United States Postal Service for the international transportation of mail by air. In October 2015, we received a CID from the DOJ seeking certain information relating to these contracts and the DOJ has also sought information concerning certain of the airlines that transport mail on a codeshare basis. The DOJ has indicated it is

investigating potential violations of the False Claims Act or other statutes. We are cooperating fully with the DOJ with regard to its investigation.

General. In addition to the specifically identified legal proceedings, we and our subsidiaries are also engaged in other legal proceedings from time to time. Legal proceedings can be complex and take many months, or even years, to reach resolution, with the final outcome depending on a number of variables, some of which are not within our control. Therefore, although we will vigorously defend ourselves in each of the actions described above and such other legal proceedings, their ultimate resolution and potential financial and other impacts on us are uncertain but could be material. See Part I, Item 1A. Risk Factors –*"We may be a party to litigation in the normal course of business or otherwise, which could affect our financial position and liquidity"* for unaudited additional discussion.

(g) Guarantees and Indemnifications

We are party to many routine contracts in which we provide general indemnities in the normal course of business to third parties for various risks. We are not able to estimate the potential amount of any liability resulting from the indemnities. These indemnities are discussed in the following paragraphs.

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

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

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

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

We have general indemnity clauses in many of our airport and other real estate leases where we as lessee indemnify the lessor (and related parties) against liabilities related to our use of the leased property. Generally, these indemnifications cover liabilities resulting from the negligence of the indemnified parties, but not liabilities resulting from the gross negligence or willful misconduct of the indemnified parties. In addition, we provide environmental indemnities in many of these leases for contamination related to our use of the leased property.

Under certain contracts with third parties, we indemnify the third-party against legal liability arising out of an action by the third-party, or certain other parties. The terms of these contracts vary and the potential exposure under these indemnities cannot be determined. We have liability insurance protecting us for some of the obligations we have undertaken under these indemnities.

We are involved in certain claims and litigation related to our operations. We are also subject to regulatory assessments in the ordinary course of business. We establish reserves for litigation and regulatory matters when those matters present loss contingencies that are both probable and can be reasonably estimated. In the opinion of management, liabilities, if any, arising from these regulatory matters, claims and litigation will not have a material adverse effect on our consolidated financial position, results of operations, or cash flows, after consideration of available insurance.

As of December 31, 2016, AAG had issued guarantees covering approximately $844 million of American's special facility revenue bonds (and interest thereon) and $9.3 billion of American's secured debt (and interest thereon), including the Credit Facilities and certain EETC financings.

(h) Credit Card Processing Agreements

We have agreements with companies that process customer credit card transactions for the sale of air travel and other services. Our agreements allow these processing companies, under certain conditions, to hold an amount of our cash (referred to as a holdback) equal to a portion of advance ticket sales that have been processed by that company, but for which we have not yet provided the air transportation. Additional holdback requirements in the event of material adverse changes in our financial condition will reduce our liquidity in the form of unrestricted cash by the amount of the holdbacks. We are not currently required to maintain any holdbacks pursuant to these requirements.

(i) Labor Negotiations

As of December 31, 2016, we employed approximately 122,300 active full-time equivalent employees, of which 20,800 were employed by our regional operations. Approximately 85% of employees are covered by collective bargaining agreements with various labor unions. Negotiations for joint collective bargaining agreements covering our mainline maintenance, fleet service, stores and planner employees as well as for certain employee groups at our wholly-owned regional subsidiaries are continuing. There is no assurance that a successful or timely resolution of these labor negotiations will be achieved.

(j) Other

As a result of the terrorist attacks of September 11, 2001 and the subsequent liability protections provided for by the Air Transportation Safety and System Stabilization Act (the Stabilization Act), we recorded a liability for these terrorist attacks claims equal to the related insurance receivable due to us. The Stabilization Act provides that, notwithstanding any other provision of law, liability for all claims, whether compensatory or punitive, arising from these terrorist attacks, against any air carrier shall not exceed the liability coverage maintained by the air carrier. As of December 31, 2016, the remaining liability and the amount of the offsetting receivable were each $974 million.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES GROUP INC.

12. Supplemental Cash Flow Information

Supplemental disclosure of cash flow information and non-cash investing and financing activities are as follows (in millions):

	Year Ended December 31,		
	2016	2015	2014
Non-cash investing and financing activities:			
Settlement of bankruptcy obligations	$ 3	$ 63	$ 5,495
Capital lease obligations	—	5	747
Supplemental information:			
Interest paid, net of amounts capitalized	964	873	814
Income taxes paid	16	20	7

13. Operating Segments and Related Disclosures

We are managed as a single business unit that provides air transportation for passengers and cargo. This allows us to benefit from an integrated revenue pricing and route network that includes American and our wholly-owned and third-party regional carriers that fly under capacity purchase agreements operating as American Eagle. The flight equipment of all these carriers is combined to form one fleet that is deployed through a single route scheduling system. When making resource allocation decisions, the chief operating decision maker evaluates flight profitability data, which considers aircraft type and route economics, but gives no weight to the financial impact of the resource allocation decision on an individual carrier basis. The objective in making resource allocation decisions is to maximize consolidated financial results, not the individual results of American or American Eagle.

Our operating revenues by geographic region as defined by the United States Department of Transportation (DOT) are summarized below (in millions):

	Year Ended December 31,		
	2016	2015	2014
DOT Domestic	$28,620	$28,761	$28,568
DOT Latin America	4,995	5,539	6,964
DOT Atlantic	4,769	5,146	5,652
DOT Pacific	1,796	1,544	1,466
Total operating revenues	$40,180	$40,990	$42,650

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

14. Share-based Compensation

The 2013 AAG Incentive Award Plan (the 2013 Plan) provides that awards may be in the form of an option, restricted stock award, restricted stock unit award, performance award, dividend equivalent award, deferred stock award, deferred stock unit award, stock payment award or stock appreciation right. The 2013 Plan authorizes the grant of awards for the issuance of 40 million shares. Any shares underlying awards granted under the 2013 Plan, or any pre-existing US Airways Group plan, that are forfeited, terminate or are settled in cash (in whole or in part) without the delivery of shares will again be available for grant.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES GROUP INC.

Our net income for the years ended December 31, 2016, 2015 and 2014 included $102 million, $274 million and $381 million, respectively, of share-based compensation costs. Of the 2015 and 2014 amounts, $198 million and $224 million, respectively, were related to awards granted to certain employees in connection with the Merger and recorded in special items, net on the accompanying consolidated statements of operations.

During 2016, 2015 and 2014, we withheld approximately 1.4 million, 7.0 million and 1.7 million shares of AAG common stock, respectively, and paid approximately $56 million, $306 million and $62 million, respectively, in satisfaction of certain tax withholding obligations associated with employee equity awards.

(a) Restricted Stock Unit Awards (RSUs)

We have granted RSUs with service conditions (time vested primarily over three years) and performance conditions. The grant-date fair value of RSUs is equal to the market price of the underlying shares of common stock on the date of grant. For time vested awards, the expense is recognized on a straight-line basis over the vesting period for the entire award. For awards with performance conditions, the expense is recognized based on the expected achievement at each reporting period. Stock-settled RSUs are classified as equity awards as the vesting results in the issuance of shares of AAG common stock. Cash-settled restricted stock unit awards (CRSUs) are classified as liability awards as the vesting results in payment of cash.

Stock-settled RSU award activity for all plans for the years ended December 31, 2016, 2015 and 2014 is as follows (shares in thousands):

	Number of Shares (In thousands)	Weighted Average Grant Date Fair Value
Outstanding at December 31, 2013	23,879	$ 24.33
Granted	3,467	37.07
Vested and released	(4,193)	23.84
Forfeited	(1,811)	25.10
Outstanding at December 31, 2014	21,342	$ 26.43
Granted	2,213	46.62
Vested and released	(17,163)	25.20
Forfeited	(785)	27.12
Outstanding at December 31, 2015	5,607	$ 38.08
Granted	2,655	41.34
Vested and released	(2,754)	34.83
Forfeited	(321)	40.15
Outstanding at December 31, 2016	5,187	$ 41.48

As of December 31, 2016, there was $116 million of unrecognized compensation cost related to stock-settled RSUs. These costs are expected to be recognized over a weighted average period of one year. The total fair value of stock-settled RSUs vested during the years ended December 31, 2016, 2015 and 2014 was $107 million, $750 million and $154 million, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES GROUP INC.

As of December 31, 2016, we had a nominal amount of CRSUs outstanding. The total cash paid for CRSUs vested during the years ended December 31, 2016, 2015 and 2014 was less than $1 million, $10 million and $12 million, respectively.

(b) Stock Options and Stock Appreciation Rights

We assumed US Airways Group's outstanding stock options and stock appreciation rights in connection with the Merger using an exchange ratio of one to one. These stock options and stock appreciation rights were granted with an exercise price equal to the underlying common stock's fair value at the date of each grant, have service conditions, become exercisable over a three-year vesting period and expire if unexercised at the end of their term, which ranges from seven to ten years. Stock options and stock-settled stock appreciation rights (SARs) are classified as equity awards as the exercise results in the issuance of shares of AAG common stock. Cash-settled stock appreciation rights (CSARs) are classified as liability awards as the exercise results in payment of cash. Compensation costs were expensed on a straight-line basis over the vesting period for the entire award. There are no unrecognized compensation costs as all awards outstanding are vested.

Stock option and SAR award activity for all plans for the years ended December 31, 2016, 2015 and 2014 is as follows (stock options and SARs in thousands):

	Stock Options and SARs (In thousands)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (In years)	Aggregate Intrinsic Value (In millions)
Balance at December 31, 2013	11,158	$ 12.84		
Granted	—	—		
Exercised	(4,109)	10.74		
Forfeited	—	—		
Expired	(42)	41.73		
Balance at December 31, 2014	7,007	$ 13.90		
Granted	—	—		
Exercised	(2,985)	12.09		
Forfeited	—	—		
Expired	(9)	45.75		
Balance at December 31, 2015	4,013	$ 15.17		
Granted	—	—		
Exercised	(1,738)	14.49		
Forfeited	—	—		
Expired	(180)	46.19		
Balance at December 31, 2016	2,095	$ 13.08	1.6	$ 70

The total intrinsic value of stock options and SARs exercised during the years ended December 31, 2016, 2015 and 2014 was $49 million, $102 million and $105 million, respectively. All stock options and SARs outstanding at December 31, 2016 are vested and exercisable.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES GROUP INC.

CSAR award activity for all plans for the years ended December 31, 2016, 2015 and 2014 is as follows (CSARs in thousands):

	CSARs (In thousands)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (In years)	Aggregate Intrinsic Value (In millions)
Balance at December 31, 2013	2,865	$ 6.26		
Granted	—	—		
Exercised	(1,254)	6.18		
Forfeited	—	—		
Expired	—	—		
Balance at December 31, 2014	1,611	$ 6.33		
Granted	—	—		
Exercised	(760)	6.31		
Forfeited	—	—		
Expired	—	—		
Balance at December 31, 2015	851	$ 6.35		
Granted	—	—		
Exercised	(501)	5.24		
Forfeited	—	—		
Expired	—	—		
Balance at December 31, 2016	350	$ 7.94	1.0	$ 14

As of December 31, 2016, the weighted average fair value of outstanding CSARs was $38.57 per share and the related liability was $13 million. These CSARs are fully vested and exercisable and will continue to be remeasured at fair value at each reporting date until all awards are settled. Total cash paid for CSARs exercised during the years ended December 31, 2016, 2015 and 2014 was $18 million, $31 million and $42 million, respectively.

15. Valuation and Qualifying Accounts (in millions)

	Balance at Beginning of Year	Changes Charged to Statement of Operations Accounts	Write-offs (Net of Recoveries)	Sales, Retirements and Transfers	Balance at End of Year
Allowance for obsolescence of inventories					
Year ended December 31, 2016	$ 728	$ 37	$ (3)	$ 3	$ 765
Year ended December 31, 2015	673	50	(4)	9	728
Year ended December 31, 2014	547	142	(4)	(12)	673
Allowance for uncollectible accounts					
Year ended December 31, 2016	$ 41	$ 47	$ (52)	$ —	$ 36
Year ended December 31, 2015	17	46	(22)	—	41
Year ended December 31, 2014	41	6	(30)	—	17

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES GROUP INC.

16. Quarterly Financial Data (Unaudited)

Unaudited summarized financial data by quarter for 2016 and 2015 (in millions, except share and per share amounts):

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2016				
Operating revenues	$ 9,435	$ 10,363	$ 10,594	$ 9,789
Operating expenses	8,100	8,612	9,163	9,022
Operating income	1,335	1,751	1,431	767
Net income	700	950	737	289
Earnings per share:				
Basic	$ 1.15	$ 1.69	$ 1.40	$ 0.56
Diluted	$ 1.14	$ 1.68	$ 1.40	$ 0.56
Shares used for computation (in thousands):				
Basic	606,245	563,000	525,415	514,571
Diluted	611,488	566,040	528,510	518,358
2015				
Operating revenues	$ 9,827	$ 10,827	$ 10,706	$ 9,630
Operating expenses	8,611	8,906	8,707	8,562
Operating income	1,216	1,921	1,999	1,068
Net income	932	1,704	1,693	3,281
Earnings per share:				
Basic	$ 1.34	$ 2.47	$ 2.56	$ 5.24
Diluted	$ 1.30	$ 2.41	$ 2.49	$ 5.09
Shares used for computation (in thousands):				
Basic	696,415	688,727	661,869	626,559
Diluted	716,930	707,611	680,739	644,140

Our fourth quarter 2016 results include $273 million of total net special charges consisting principally of $121 million of Merger integration expenses, $104 million of fleet restructuring expenses and a $47 million net charge consisting of mark-to-market adjustments for bankruptcy obligations.

Our fourth quarter 2015 results include $2.0 billion of total net special credits consisting principally of a $3.0 billion non-cash tax benefit recorded in connection with the reversal of our tax valuation allowance, offset in part by a nonoperating net special charge of $592 million to write off all of the value of Venezuelan bolivars held by us due to continued lack of repatriations and deterioration of economic conditions in Venezuela and $450 million in total operating special charges primarily consisting of Merger integration expenses and fleet restructuring expenses.

17. Subsequent Events

2017-1 EETCs

In January 2017, American created three pass-through trusts which issued approximately $983 million aggregate principal amount of Series 2017-1 Class AA, Class A and Class B EETCs (the 2017-1 EETCs) in connection with the financing of 24 aircraft scheduled to be delivered to American between January 2017 and May 2017 (the 2017-1 Aircraft). A portion of the proceeds received from the sale of the 2017-1 EETCs has been used to acquire Series AA, A and B equipment notes issued by American to the pass-through trusts and the balance of such proceeds is being held in escrow for

the benefit of the holders of the 2017-1 EETCs until such time as American issues additional Series AA, A and B equipment notes to the pass-through trusts, which will purchase the equipment notes with escrowed funds. These escrowed funds are not guaranteed by American and are not reported as debt on our consolidated balance sheet because the proceeds held by the depository are not American's assets.

Series AA equipment notes bear interest at 3.65% per annum, Series A equipment notes bear interest at 4.00% per annum and Series B equipment notes bear interest at 4.95% per annum. Interest and principal payments on the equipment notes will be payable semi-annually in February and August of each year, with interest payments beginning in August 2017 and principal payments beginning in February 2018. The final payments on the Series AA and Series A equipment notes are due in February 2029 and the final payment on the Series B equipment notes is due in February 2025. The equipment notes are secured by liens on the 2017-1 Aircraft.

Share Repurchase Program and Dividend Declaration

In January 2017, we announced that our Board of Directors had authorized a new $2.0 billion share repurchase program that expires on December 31, 2018. Share repurchases under our share repurchase programs may be made through a variety of methods, which may include open market purchases, privately negotiated transactions, block trades or accelerated share repurchase transactions. Any such repurchases will be made from time to time subject to market and economic conditions, applicable legal requirements and other relevant factors. Our share repurchase programs do not obligate us to repurchase any specific number of shares and may be suspended at any time at our discretion.

Also in January 2017, we announced that our Board of Directors had declared a $0.10 per share dividend for stockholders of record on February 13, 2017, and payable on February 27, 2017. Any future dividends that may be declared and paid from time to time will be subject to market and economic conditions, applicable legal requirements and other relevant factors. We are not obligated to continue a dividend for any fixed period, and payment of dividends may be suspended at any time at our discretion.

ITEM 8B. CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA OF AMERICAN AIRLINES, INC.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholder
American Airlines, Inc.:

We have audited the accompanying consolidated balance sheets of American Airlines, Inc. and subsidiaries (American) as of December 31, 2016 and 2015, and the related consolidated statements of operations, comprehensive income, cash flows, and stockholder's equity (deficit) for each of the years in the three-year period ended December 31, 2016. These consolidated financial statements are the responsibility of American's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of American Airlines, Inc. and subsidiaries as of December 31, 2016 and 2015, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2016, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), American's internal control over financial reporting as of December 31, 2016, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 22, 2017 expressed an unqualified opinion on the effectiveness of American's internal control over financial reporting.

/s/ KPMG LLP

Dallas, Texas
February 22, 2017

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

	Year Ended December 31,		
	2016	2015	2014
Operating revenues:			
Mainline passenger	$27,909	$29,037	$30,802
Regional passenger	6,670	6,475	6,322
Cargo	700	760	875
Other	4,884	4,666	4,677
Total operating revenues	40,163	40,938	42,676
Operating expenses:			
Aircraft fuel and related taxes	5,071	6,226	10,592
Salaries, wages and benefits	10,881	9,514	8,499
Regional expenses	6,009	5,952	6,477
Maintenance, materials and repairs	1,834	1,889	2,051
Other rent and landing fees	1,772	1,731	1,727
Aircraft rent	1,203	1,250	1,250
Selling expenses	1,323	1,394	1,544
Depreciation and amortization	1,525	1,364	1,301
Special items, net	709	1,051	783
Other	4,532	4,378	4,186
Total operating expenses	34,859	34,749	38,410
Operating income	5,304	6,189	4,266
Nonoperating income (expense):			
Interest income	104	49	32
Interest expense, net of capitalized interest	(906)	(796)	(847)
Other, net	(59)	(774)	(183)
Total nonoperating expense, net	(861)	(1,521)	(998)
Income before income taxes	4,443	4,668	3,268
Income tax provision (benefit)	1,662	(3,452)	320
Net income	$ 2,781	$ 8,120	$ 2,948

See accompanying notes to consolidated financial statements.

AMERICAN AIRLINES, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In millions)

	Year Ended December 31,		
	2016	2015	2014
Net income	$2,781	$8,120	$ 2,948
Other comprehensive income (loss), net of tax:			
Pension, retiree medical and other postretirement benefits:			
Amortization of actuarial loss and prior service cost	(65)	(109)	(163)
Current year change	(292)	(51)	(2,621)
Derivative financial instruments:			
Change in fair value	—	—	(52)
Reclassification into earnings	—	(9)	(4)
Unrealized gain (loss) on investments:			
Net change in value	6	(6)	(4)
Reversal of non-cash tax benefit	—	—	328
Total other comprehensive loss, net of tax	(351)	(175)	(2,516)
Total comprehensive income	$2,430	$7,945	$ 432

See accompanying notes to consolidated financial statements.

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

	December 31, 2016	December 31, 2015
ASSETS		
Current assets		
Cash	$ 310	$ 364
Short-term investments	6,034	5,862
Restricted cash and short-term investments	638	695
Accounts receivable, net	1,599	1,420
Receivables from related parties, net	6,810	1,981
Aircraft fuel, spare parts and supplies, net	1,032	796
Prepaid expenses and other	633	740
Total current assets	17,056	11,858
Operating property and equipment		
Flight equipment	36,671	32,838
Ground property and equipment	6,910	6,224
Equipment purchase deposits	1,209	1,067
Total property and equipment, at cost	44,790	40,129
Less accumulated depreciation and amortization	(13,909)	(12,893)
Total property and equipment, net	30,881	27,236
Other assets		
Goodwill	4,091	4,091
Intangibles, net of accumulated amortization of $578 and $502, respectively	2,173	2,249
Deferred tax asset	1,912	2,932
Other assets	1,979	2,073
Total other assets	10,155	11,345
Total assets	$ 58,092	$ 50,439
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current liabilities		
Current maturities of long-term debt and capital leases	$ 1,859	$ 2,234
Accounts payable	1,546	1,517
Accrued salaries and wages	1,460	1,156
Air traffic liability	3,912	3,747
Loyalty program liability	2,789	2,525
Other accrued liabilities	2,106	2,198
Total current liabilities	13,672	13,377
Noncurrent liabilities		
Long-term debt and capital leases, net of current maturities	20,718	16,592
Pension and postretirement benefits	7,800	7,410
Deferred gains and credits, net	526	667
Other liabilities	2,727	2,695
Total noncurrent liabilities	31,771	27,364
Commitments and contingencies (Note 9)		
Stockholder's equity		
Common stock, $1.00 par value; 1,000 shares authorized, issued and outstanding	—	—
Additional paid-in capital	16,624	16,521
Accumulated other comprehensive loss	(5,182)	(4,831)
Retained earnings (deficit)	1,207	(1,992)
Total stockholder's equity	12,649	9,698
Total liabilities and stockholder's equity	$ 58,092	$ 50,439

See accompanying notes to consolidated financial statements.

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

	December 31,		
	2016	2015	2014
Cash flows from operating activities:			
Net income	$ 2,781	$ 8,120	$ 2,948
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	1,762	1,560	1,469
Debt discount and lease amortization	(124)	(126)	(171)
Special items, non-cash	270	295	91
Pension and postretirement	(70)	(194)	(163)
Deferred income tax provision (benefit)	1,652	(3,467)	344
Share-based compensation	100	284	300
Other, net	(16)	(21)	7
Changes in operating assets and liabilities:			
Decrease (increase) in accounts receivable	(169)	354	(176)
Increase in other assets	(205)	(22)	(191)
Increase in accounts payable and accrued liabilities	336	214	74
Increase (decrease) in air traffic liability	164	(505)	(97)
Increase in receivables from related parties, net	(4,862)	(3,695)	(527)
Increase (decrease) in loyalty program liability	264	(295)	(229)
Contributions to pension plans	(32)	(6)	(809)
Increase (decrease) in other liabilities	(101)	91	(292)
Net cash provided by operating activities	1,750	2,587	2,578
Cash flows from investing activities:			
Capital expenditures and aircraft purchase deposits	(5,657)	(6,075)	(5,256)
Purchases of short-term investments	(6,241)	(8,126)	(5,380)
Sales of short-term investments	6,092	8,517	7,179
Decrease in restricted cash and short-term investments	57	79	261
Net proceeds from slot transaction	—	—	307
Proceeds from sale of property and equipment	113	26	20
Other investing activities	2	—	—
Net cash used in investing activities	(5,634)	(5,579)	(2,869)
Cash flows from financing activities:			
Payments on long-term debt and capital leases	(3,827)	(2,153)	(2,955)
Proceeds from issuance of long-term debt	7,701	4,509	2,552
Deferred financing costs	(77)	(80)	(95)
Sale-leaseback transactions	5	43	811
Funds transferred from (to) affiliates, net	—	—	(176)
Other financing activities	28	53	6
Net cash provided by financing activities	3,830	2,372	143
Net decrease in cash	(54)	(620)	(148)
Cash at beginning of year	364	984	1,132
Cash at end of year	$ 310	$ 364	$ 984

See accompanying notes to consolidated financial statements.

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

	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings (Deficit)	Total
Balance at December 31, 2013	$ —	$ 10,802	$ (2,140)	$(13,060)	$ (4,398)
Net income	—	—	—	2,948	2,948
Changes in pension, retiree medical and other postretirement benefits liability	—	—	(2,784)	—	(2,784)
Net changes in fair value of derivative financial instruments	—	—	(56)	—	(56)
Reversal of non-cash tax benefit	—	—	328	—	328
Share-based compensation expense	—	300	—	—	300
Intercompany equity transfer	—	5,072	—	—	5,072
Change in unrealized loss on investments	—	—	(4)	—	(4)
Balance at December 31, 2014	—	16,174	(4,656)	(10,112)	1,406
Net income	—	—	—	8,120	8,120
Changes in pension, retiree medical and other postretirement benefits liability	—	—	(160)	—	(160)
Net changes in fair value of derivative financial instruments	—	—	(9)	—	(9)
Share-based compensation expense	—	284	—	—	284
Intercompany equity transfer	—	63	—	—	63
Change in unrealized loss on investments	—	—	(6)	—	(6)
Balance at December 31, 2015	—	16,521	(4,831)	(1,992)	9,698
Net income	—	—	—	2,781	2,781
Changes in pension, retiree medical and other postretirement benefits liability	—	—	(563)	—	(563)
Non-cash tax benefit	—	—	203	—	203
Share-based compensation expense	—	100	—	—	100
Impact of adoption of Accounting Standards Update (ASU) 2016-09 (See Note 1 (r))	—	—	—	418	418
Intercompany equity transfer	—	3	—	—	3
Change in unrealized loss on investments	—	—	9	—	9
Balance at December 31, 2016	$ —	$ 16,624	$ (5,182)	$ 1,207	$12,649

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.

1. Basis of Presentation and Summary of Significant Accounting Policies

(a) Basis of Presentation

American Airlines, Inc. (American) is a Delaware corporation whose primary business activity is the operation of a major network air carrier. American is a wholly-owned subsidiary of American Airlines Group Inc. (AAG), which owns all of American's outstanding common stock, par value $1.00 per share. On December 9, 2013, a subsidiary of AMR merged with and into US Airways Group, Inc. (US Airways Group), a Delaware corporation, which survived as a wholly-owned subsidiary of AAG, and AAG emerged from Chapter 11 (the Merger). Upon closing of the Merger and emergence from Chapter 11, AMR changed its name to American Airlines Group Inc. On December 30, 2015, in order to simplify AAG's internal corporate structure, US Airways, Inc. (US Airways), a wholly-owned subsidiary of US Airways Group, merged with and into American, with American as the surviving corporation.

The preparation of financial statements in accordance with accounting principles generally accepted in the United States (GAAP) requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates. The most significant areas of judgment relate to passenger revenue recognition, impairment of goodwill, impairment of long-lived and intangible assets, the loyalty program, valuation allowance for deferred tax assets, as well as pensions and retiree medical and other postretirement benefits. Certain prior year amounts have been reclassified to conform to the current year presentation.

(b) Short-term Investments

Short-term investments are classified as available-for-sale and stated at fair value. Realized gains and losses are recorded in nonoperating expense on the consolidated statement of operations. Unrealized gains and losses are recorded in accumulated other comprehensive loss on the consolidated balance sheet.

(c) Restricted Cash and Short-term Investments

American has restricted cash and short-term investments related primarily to collateral held to support workers' compensation obligations.

(d) Aircraft Fuel, Spare Parts, and Supplies, Net

Aircraft fuel is recorded on a first-in, first-out basis. Spare parts and supplies are recorded at net realizable value based on average costs. These items are expensed when used. An allowance for obsolescence is established for spare parts and supplies.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.

(e) Operating Property and Equipment

Operating property and equipment is recorded at cost and depreciated or amortized to residual values over the asset's estimated useful life or the lease term, whichever is less, using the straight-line method. Residual values for aircraft, engines, and related rotable parts are generally 5% to 10% of original cost. Costs of major improvements that enhance the usefulness of the asset are capitalized and depreciated or amortized over the estimated useful life of the asset or the lease term, whichever is less. The estimated useful lives for the principal property and equipment classifications are as follows:

Principal Property and Equipment Classification	Estimated Useful Life
Aircraft, engines and related rotable parts	20 – 30 years
Buildings and improvements	Lesser of 5 - 30 years
Furniture, fixtures and other equipment	3 - 10 years
Capitalized software	5 - 10 years

American records impairment charges on operating property and equipment when events and circumstances indicate that the assets may be impaired. An asset or group of assets is considered impaired when the undiscounted cash flows estimated to be generated by the assets are less than the carrying amount of the assets and the net book value of the assets exceeds their estimated fair value. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less the cost to sell.

(f) Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are recorded net as noncurrent deferred income taxes.

American provides a valuation allowance for its deferred tax assets when it is more likely than not that some portion, or all of its deferred tax assets, will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income. American considers all available positive and negative evidence and makes certain assumptions in evaluating the realizability of its deferred tax assets. Many factors are considered that impact American's projections of future profitability, including risks associated with remaining Merger integration activities as well as other conditions which are beyond American's control, such as the health of the economy, the level and volatility of fuel prices and travel demand.

(g) Goodwill

Goodwill represents the excess of the purchase price over the fair value of the net assets acquired and liabilities assumed. Goodwill is not amortized but assessed for impairment annually on October 1st or more frequently if events or circumstances indicate that goodwill may be impaired. American has one consolidated reporting unit.

Goodwill is measured for impairment by initially performing a qualitative assessment and, if necessary, then comparing the fair value of the reporting unit to its carrying value, including goodwill. If the fair value of the reporting unit is less than the carrying value, a second step is performed to

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.

determine the implied fair value of goodwill. If the implied fair value of goodwill is lower than its carrying value, an impairment charge equal to the difference is recorded. Based upon American's annual assessment, there was no goodwill impairment in 2016. The carrying value of the goodwill on American's consolidated balance sheets was $4.1 billion as of December 31, 2016 and 2015.

(h) Other Intangibles, Net

Intangible assets consist primarily of domestic airport slots, customer relationships, marketing agreements, international slots and route authorities, airport gate leasehold rights and tradenames.

Finite-Lived Intangible Assets

Finite-lived intangible assets are amortized over their respective estimated useful lives and reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

The following table provides information relating to American's amortizable intangible assets as of December 31, 2016 and 2015 (in millions):

	December 31,	
	2016	2015
Domestic airport slots	$ 365	$ 365
Customer relationships	300	300
Marketing agreements	105	105
Tradenames	35	35
Airport gate leasehold rights	137	137
Accumulated amortization	(578)	(502)
Total	$ 364	$ 440

Certain domestic airport slots and airport gate leasehold rights are amortized on a straight-line basis over 25 years. The customer relationships and marketing agreements were identified as intangible assets subject to amortization and are amortized on a straight-line basis over approximately nine years and 30 years, respectively. Tradenames are fully amortized.

American recorded amortization expense related to these intangible assets of $76 million, $55 million and $81 million for the years ended December 31, 2016, 2015 and 2014, respectively. American expects to record annual amortization expense for these intangible assets as follows (in millions):

2017	$ 45
2018	41
2019	41
2020	41
2021	41
2022 and thereafter	155
Total	$364

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.

Indefinite-Lived Intangible Assets

Indefinite-lived intangible assets include certain domestic airport slots at American's hubs and international slots and route authorities. Indefinite-lived intangible assets are not amortized but instead are assessed for impairment annually on October 1st or more frequently if events or circumstances indicate that the asset may be impaired. As of December 31, 2016 and 2015, American had $1.8 billion of indefinite-lived intangible assets on its consolidated balance sheets.

Indefinite-lived intangible assets are reviewed for impairment by initially performing a qualitative assessment to determine whether American believes it is more likely than not that an asset has been impaired. If American believes impairment has occurred, American then evaluates for impairment by comparing the estimated fair value of assets to the carrying value. An impairment charge is recognized if the asset's estimated fair value is less than its carrying value. Based upon American's annual assessment, there was no indefinite-lived intangible asset impairment in 2016.

(i) Loyalty Program

American currently operates the loyalty program, AAdvantage. This program awards mileage credits to passengers who fly on American, any **one**world airline or other partner airlines, or by using the services of other program participants, such as the Citi and Barclaycard US co-branded credit cards, hotels and car rental companies. Mileage credits can be redeemed for travel on American or other participating partner airlines.

American uses the incremental cost method to account for the portion of its loyalty program liability incurred when AAdvantage members earn mileage credits by flying on American, any **one**world airline or other partner airlines. American has an obligation to provide future travel when these mileage credits are redeemed and therefore have recorded a liability for mileage credits outstanding.

The incremental cost liability includes all mileage credits, even mileage credits for members whose account balances have not yet reached the minimum level required to redeem an award. Mileage credits are subject to expiration. The liability for outstanding mileage credits is valued based on the estimated incremental cost of carrying one additional passenger. The estimated incremental cost primarily includes unit costs incurred for fuel, food and insurance as well as fees incurred when travel awards are redeemed on partner airlines. In calculating the liability, American estimates how many mileage credits will never be redeemed for travel and excludes those mileage credits from the estimate of the liability. Estimates are also made for the number of miles that will be used per award redemption and the number of travel awards that will be redeemed on partner airlines. These costs and estimates are based on American's historical program experience as well as consideration of enacted program changes, as applicable. Changes in the liability resulting from members earning additional mileage credits or changes in estimates are recorded in the consolidated statements of operations as a part of passenger revenue.

As of December 31, 2016 and 2015, the liability for outstanding mileage credits accounted for under the incremental cost method was $669 million and $657 million, respectively, and is included on the consolidated balance sheets within loyalty program liability.

Additionally, American applied the acquisition method of accounting in connection with AAG's Merger in December 2013 and recorded a liability for outstanding US Airways' mileage credits at fair value, an amount significantly in excess of incremental cost. At December 31, 2016, all the mileage credits associated with this liability have been recognized in passenger revenue. At December 31, 2015, this liability was $296 million and was included on the consolidated balance sheet within the loyalty program liability.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.

American also sells loyalty program mileage credits to participating airline partners and non-airline business partners. Sales of mileage credits to non-airline business partners is comprised of two components, transportation and marketing. American accounts for mileage sales under its agreements with non-airline business partners in accordance with Accounting Standards Update (ASU) No. 2009-13, "Revenue Recognition (Topic 605) — Multiple-Deliverable Revenue Arrangements." In accordance with Topic 605, American allocates the consideration received from the sale of mileage credits based on the relative selling price of each product or service delivered.

In 2016, American entered into new co-branded credit card program agreements with Citi and Barclaycard US. American identified the following revenue elements in these co-branded credit card agreements: the transportation component; the use of the American brand including access to loyalty program member lists, advertising and other travel related benefits (collectively, the marketing component).

The transportation component represents the estimated selling price of future travel awards and is determined using historical transaction information, including information related to customer redemption patterns. The transportation component is deferred based on its relative selling price and is amortized into passenger revenue on a straight-line basis over the period in which the mileage credits are expected to be redeemed for travel. As of December 31, 2016 and 2015, American had $2.1 billion and $1.5 billion, respectively, in deferred revenue from the sale of mileage credits recorded within loyalty program liability on its consolidated balance sheets.

The services under the marketing component are provided periodically, but no less than monthly. Accordingly, the marketing component is considered earned and recognized in other revenues in the period of the mileage sale. For the years ended December 31, 2016, 2015 and 2014, the marketing component of mileage sales and other marketing related payments included in other revenues was approximately $1.9 billion, $1.7 billion and $1.6 billion, respectively.

(j) Revenue

Passenger Revenue

Passenger revenue is recognized when transportation is provided. Ticket sales for transportation that has not yet been provided are initially deferred and recorded as air traffic liability on the consolidated balance sheets. The air traffic liability represents tickets sold for future travel dates and estimated future refunds and exchanges of tickets sold for past travel dates. The balance in the air traffic liability fluctuates throughout the year based on seasonal travel patterns and fare sale activity. American's air traffic liability was $3.9 billion and $3.7 billion as of December 31, 2016 and 2015, respectively.

The majority of tickets sold are nonrefundable. A small percentage of tickets, some of which are partially used tickets, expire unused. Due to complex pricing structures, refund and exchange policies, and interline agreements with other airlines, certain amounts are recognized in passenger revenue using estimates regarding both the timing of the revenue recognition and the amount of revenue to be recognized. These estimates are generally based on the analysis of American's historical data. American and other airline industry participants have consistently applied this accounting method to estimate revenue from forfeited tickets at the date of travel. Estimated future refunds and exchanges included in the air traffic liability are routinely evaluated based on subsequent activity to validate the accuracy of American's estimates. Any adjustments resulting from periodic evaluations of the estimated air traffic liability are included in passenger revenue during the period in which the evaluations are completed.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.

American has arrangements with regional carriers to provide it with regional jet and turboprop service under the brand name "American Eagle." The American Eagle carriers include AAG's wholly-owned regional carriers, Envoy, PSA and Piedmont, as well as third-party regional carriers including Republic Airline Inc. (Republic), Mesa Airlines, Inc. (Mesa), Air Wisconsin Airlines Corporation (Air Wisconsin), Compass Airlines, LLC (Compass), ExpressJet Airlines, Inc. (ExpressJet), SkyWest Airlines, Inc. (SkyWest) and Trans States Airlines, Inc. (Trans States). American classifies revenues generated from transportation on these carriers as regional passenger revenues. Liabilities related to tickets sold by American for travel on these air carriers are also included in American's air traffic liability and are subsequently recognized as revenue in the same manner as described above.

Passenger Taxes and Fees

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

Cargo Revenue

Cargo revenue is recognized when American provides the transportation.

Other Revenue

Other revenue includes revenue associated with marketing services provided to American's business partners as part of its loyalty program, baggage fees, ticketing change fees, airport clubs and inflight services. The accounting and recognition for the loyalty program marketing services are discussed in Note 1(i) above. Baggage fees, ticketing change fees, airport clubs and inflight service revenues are recognized when American provides the service.

(k) Maintenance, Materials and Repairs

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

(l) Selling Expenses

Selling expenses include credit card fees, commissions, computerized reservations systems fees and advertising. Advertising costs are expensed as incurred. Advertising expense was $116 million, $110 million and $92 million for the years ended December 31, 2016, 2015 and 2014, respectively.

(m) Share-based Compensation

American accounts for its share-based compensation expense based on the fair value of the stock award at the time of grant, which is recognized ratably over the vesting period of the stock award. Certain awards have performance conditions that must be achieved prior to vesting and are expensed based on the expected achievement at each reporting period. The fair value of stock options and stock appreciation rights (SARs) is estimated using a Black-Scholes option pricing model. The fair value of restricted stock units (RSUs) is based on the market price of the underlying shares of common stock on the date of grant. See Note 12 for further discussion of share-based compensation.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.

(n) Deferred Gains and Credits, Net

Included within deferred gains and credits, net are amounts deferred and amortized into future periods associated with the adjustment of leases to fair value in connection with the application of acquisition accounting, deferred gains on the sale-leaseback of aircraft and certain vendor incentives. American periodically receives vendor incentives in connection with acquisition of aircraft and engines. These credits are deferred until aircraft and engines are delivered and then applied as a reduction to the cost of the related equipment.

(o) Foreign Currency Gains and Losses

Foreign currency gains and losses are recorded as part of other nonoperating expense, net in American's consolidated statements of operations. Foreign currency gains for 2016 were $1 million. Foreign currency losses for 2015 and 2014 were $751 million and $114 million, respectively. Included in 2015 was a $592 million nonoperating special charge to write off all of the value of Venezuelan bolivars held by American due to continued lack of repatriations and deterioration of economic conditions in Venezuela.

(p) Other Operating Expenses

Other operating expenses includes costs associated with ground and cargo handling, crew travel, aircraft food and catering, passenger accommodation, airport security, international navigation fees and certain general and administrative expenses.

(q) Regional Expenses

Expenses associated with American's third-party regional carriers operating under the brand name American Eagle are classified as regional expenses on the consolidated statements of operations. Regional expenses consist of the following (in millions):

	Year Ended December 31,		
	2016	2015	2014
Aircraft fuel and related taxes	$1,109	$1,230	$2,009
Salaries, wages and benefits	327	276	228
Capacity purchases from third-party regional carriers [1]	3,186	3,137	2,858
Maintenance, materials and repairs	4	4	6
Other rent and landing fees	487	434	386
Aircraft rent	28	28	27
Selling expenses	347	333	307
Depreciation and amortization	237	197	168
Special items, net	13	18	5
Other	271	295	483
Total regional expenses	$6,009	$5,952	$6,477

[1] For the years ended December 31, 2016, 2015 and 2014, the component of capacity purchase expenses related to aircraft deemed to be leased was approximately $405 million, $492 million and $447 million, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.

(r) Recent Accounting Pronouncements

Revenue

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU 2014-09, "Revenue from Contracts with Customers (Topic 606)." ASU 2014-09 completes the joint effort by the FASB and International Accounting Standards Board (IASB) to improve financial reporting by creating common revenue recognition guidance for GAAP and International Financial Reporting Standards (IFRS). Subsequently, the FASB has issued several additional ASUs to clarify the implementation. The new revenue standard applies to all companies that enter into contracts with customers to transfer goods or services and is effective for public entities for interim and annual reporting periods beginning after December 15, 2017. Early adoption is permitted; however, American currently expects to adopt the new revenue standard effective January 1, 2018. Entities have the choice to apply the new revenue standard either retrospectively to each reporting period presented or by recognizing the cumulative effect of applying the new revenue standard at the date of initial application and not adjusting comparative information. American currently expects to adopt the new revenue standard using the full retrospective method.

American is still in the process of evaluating how the adoption of the new revenue standard will impact its consolidated financial statements. American currently expects that the new revenue standard will materially impact its liability for outstanding mileage credits earned by AAdvantage loyalty program members when flying on American. American currently uses the incremental cost method to account for this portion of its loyalty program liability, which values these mileage credits based on the estimated incremental cost of carrying one additional passenger (see (i) Loyalty Program above). The new revenue standard will require American to change its policy and apply a relative selling price approach whereby a portion of each passenger ticket sale attributable to mileage credits earned will be deferred and recognized in passenger revenue upon future mileage redemption. The carrying value of the earned mileage credits recognized in loyalty program liability is expected to be materially greater under the relative selling price approach than the value attributed to these mileage credits under the incremental cost method. The new revenue standard will also require American to reclassify certain ancillary fees to passenger revenue, which are currently included within other operating revenue.

Leases

In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)." ASU 2016-02 requires lessees to recognize a lease liability and a right-of-use asset on the balance sheet and aligns many of the underlying principles of the new lessor model with those in Accounting Standards Codification Topic 606, Revenue from Contracts with Customers. ASU 2016-02 is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early adoption is permitted. Entities are required to adopt the new lease standard using a modified retrospective approach for all leases existing at or commencing after the date of initial application with an option to use certain practical expedients. American is currently evaluating how the adoption of the new lease standard will impact its consolidated financial statements. Interpretations are on-going and could have a material impact on American's implementation. Currently, American expects that the adoption of the new lease standard will have a material impact on its consolidated balance sheet due to the recognition of right-of-use assets and lease liabilities principally for certain leases currently accounted for as operating leases.

Share-based Compensation

In March 2016, the FASB issued ASU 2016-09, "Compensation — Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting." ASU 2016-09 simplifies the

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.

accounting for share-based payment award transactions including the financial statement presentation of excess tax benefits and deficiencies, classification of awards as either equity or liabilities, accounting for forfeitures and classification on the statement of cash flows. ASU 2016-09 is effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. Early adoption is permitted. American early adopted this standard during the second quarter of 2016. The adoption of this standard resulted in the recognition of $418 million of previously unrecognized excess tax benefits in deferred tax assets and an increase to retained earnings on the consolidated balance sheet as of the beginning of the current year, and the recognition of $15 million of excess tax benefits in the income tax provision for the year ended December 31, 2016.

Fair Value Measurement

In May 2015, the FASB issued ASU 2015-07, "Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or its Equivalent)." ASU 2015-07 requires that investments using the practical expedient to measure fair value at net asset value per share (or its equivalent) be excluded from the fair value hierarchy. Although the investments are not characterized within the fair value hierarchy, the amount of investments measured using the practical expedient must still be disclosed to allow for reconciliation of the total investments in the fair value hierarchy to total investments in the notes to the consolidated financial statements. ASU 2015-07 is effective for fiscal years beginning after December 15, 2015. American adopted this standard retrospectively during the year ended December 31, 2016. The adoption impacted the fair value hierarchy disclosures of American's benefit plan assets, see Note 7 for further discussion.

Statement of Cash Flows

In November 2016, the FASB issued ASU 2016-18, "Statement of Cash Flows (Topic 230): Restricted Cash." ASU 2016-18 requires that the change in total cash, cash at beginning of period and cash at end of period on the statement of cash flows include restricted cash and restricted cash equivalents. ASU 2016-18 also requires companies who report cash and restricted cash separately on the balance sheet to reconcile those amounts to the statement of cash flows. This standard is to be applied retrospectively to each period presented and is effective for public entities for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted. This standard is not expected to have a material impact on American's consolidated financial statements.

2. Special Items, Net

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

	Year Ended December 31,		
	2016	2015	2014
Mainline operating special items, net [1]	$ 709	$1,051	$ 783

[1] The 2016 mainline operating special items totaled a net charge of $709 million, which principally included $514 million of Merger integration expenses, $177 million of fleet restructuring expenses and a $25 million net charge consisting of mark-to-market adjustments for bankruptcy obligations.

The 2015 mainline operating special items totaled a net charge of $1.1 billion, which principally included $826 million of Merger integration expenses, $210 million of fleet restructuring expenses and a $53 million net credit consisting of mark-to-market adjustments for bankruptcy obligations.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.

The 2014 mainline operating special items totaled a net charge of $783 million, which primarily included $732 million of Merger integration expenses, $88 million of fleet restructuring expenses, an $81 million charge to revise prior estimates of certain aircraft residual values and a $60 million net charge for bankruptcy-related items principally consisting of mark-to-market adjustments for bankruptcy obligations and professional fees. These charges were offset in part by a net $265 million gain related to the divestiture of slots.

Merger integration expenses included costs related to information technology, re-branding of aircraft, airport facilities and uniforms, alignment of labor union contracts, professional fees, relocation, training, and severance, and in 2015 and 2014, also included share-based compensation related to awards granted in connection with the Merger that fully vested in December 2015. Fleet restructuring expenses included the acceleration of aircraft depreciation, impairments, remaining lease payments and lease return costs for aircraft currently grounded or expected to be grounded earlier than planned.

The following additional amounts are also included in the consolidated statements of operations as follows (in millions):

	Year Ended December 31,		
	2016	2015	2014
Regional operating special items, net [1]	$ 13	$ 18	$ 5
Nonoperating special items, net [2]	49	616	128
Income tax special items, net [3]	—	(3,468)	344

(1) The 2016, 2015 and 2014 regional operating special items, net principally related to Merger integration expenses.

(2) The 2016 nonoperating special items totaled a net charge of $49 million, which consisted of debt issuance and extinguishment costs associated with bond and term loan refinancings.

The 2015 nonoperating special items totaled a net charge of $616 million, which principally included a $592 million charge to write off all of the value of Venezuelan bolivars held by American due to continued lack of repatriations and deterioration of economic conditions in Venezuela.

The 2014 nonoperating special items totaled a net charge of $128 million, which principally included a $43 million charge for Venezuelan foreign currency losses and $56 million of early debt extinguishment costs primarily related to the prepayment of 7.50% senior secured notes and other indebtedness.

(3) In 2015, income tax special items totaled a net credit of $3.5 billion. In connection with the preparation of American's financial statements for the fourth quarter of 2015, management determined that it was more likely than not that substantially all of its deferred tax assets, which include its net operating losses (NOLs), would be realized. Accordingly, American reversed $3.5 billion of the valuation allowance as of December 31, 2015, which resulted in a special non-cash tax benefit recorded in the consolidated statement of operations. See Note 4 for further information.

In 2014, income tax special items, net were $344 million. During 2014, American sold its portfolio of fuel hedging contracts that were scheduled to settle on or after June 30, 2014. In connection with this sale, American recorded a special non-cash tax provision of $328 million in the second quarter of 2014 that reversed the non-cash tax provision which was recorded in other comprehensive income (OCI), a subset of stockholder's equity, principally in 2009. This provision represents the tax effect associated with gains recorded in OCI principally in 2009 due to a net increase in the fair value of American's fuel hedging contracts. In accordance with GAAP, American retained the $328 million tax provision in OCI until the last contract was settled or terminated.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.

3. Debt

Long-term debt and capital lease obligations included in the consolidated balance sheets consisted of (in millions):

	December 31, 2016	December 31, 2015
Secured		
2013 Credit Facilities, variable interest rate of 3.26%, installments through 2020 [a]	$ 1,843	$ 1,867
2014 Credit Facilities, variable interest rate of 3.25%, installments through 2021 [a]	735	743
April 2016 Credit Facilities, variable interest rate of 3.26%, installments through 2023 [a]	1,000	—
December 2016 Credit Facilities, variable interest rate of 3.25%, installments through 2023 [a]	1,250	—
2013 Citicorp Credit Facility Tranche B-1 [b]	—	980
2013 Citicorp Credit Facility Tranche B-2 [b]	—	588
Aircraft enhanced equipment trust certificates (EETCs), fixed interest rates ranging from 3.00% to 9.75%, maturing from 2017 to 2028 [c]	10,912	8,693
Equipment loans and other notes payable, fixed and variable interest rates ranging from 1.81% to 8.48%, maturing from 2017 to 2028 [d]	5,343	4,183
Special facility revenue bonds, fixed interest rates ranging from 5.00% to 5.50%, maturing from 2017 to 2035 [e]	862	1,051
Other secured obligations, fixed interest rates ranging from 3.60% to 12.24%, maturing from 2017 to 2028	848	922
	22,793	19,027
Unsecured		
Affiliate unsecured obligations	—	27
	—	27
Total long-term debt and capital lease obligations	22,793	19,054
Less: Total unamortized debt discount, debt premium and debt issuance costs	216	228
Less: Current maturities	1,859	2,234
Long-term debt and capital lease obligations, net of current maturities	$20,718	$16,592

The table below shows availability under revolving credit facilities, all of which were undrawn, as of December 31, 2016 (in millions):

2013 Revolving Facility	$1,400
2014 Revolving Facility	1,025
Total	$2,425

The April 2016 and December 2016 Credit Facilities each provide for a revolving credit facility that may be established in the future.

Secured financings are collateralized by assets, primarily aircraft, engines, simulators, aircraft spare parts, airport leasehold rights, route authorities and airport slots. At December 31, 2016, American was

operating 34 aircraft under capital leases. Leases can generally be renewed at rates based on fair market value at the end of the lease term for a number of additional years.

At December 31, 2016, the maturities of long-term debt and capital lease obligations are as follows (in millions):

2017	$ 1,899
2018	1,954
2019	2,008
2020	3,416
2021	2,679
2022 and thereafter	10,837
Total	$22,793

(a) 2013, 2014, April 2016 and December 2016 Credit Facilities

Certain details of American's 2013, 2014, April 2016 and December 2016 Credit Facilities (collectively referred to as the Credit Facilities) are shown in the table below as of December 31, 2016:

	2013 Credit Facilities		2014 Credit Facilities		April and December 2016 Credit Facilities	
	2013 Term Loan	2013 Revolving Facility	2014 Term Loan	2014 Revolving Facility	April 2016 Term Loan	December 2016 Term Loan
Aggregate principal issued or credit facility availability	$1.9 billion	$1.4 billion	$750 million	$1.025 billion	$1.0 billion	$1.25 billion
Principal outstanding or drawn	$1.84 billion	$—	$735 million	$—	$1.0 billion	$1.25 billion
Maturity date	June 2020	October 2020	October 2021	October 2020	April 2023	December 2023
London Interbank Offered Rate (LIBOR) margin	2.50% (1), (2)	3.00%	2.50% (1)	3.00%	2.50% (1)	2.50% (1)

(1) LIBOR margin is subject to a floor of 0.75%.

(2) As AAG's corporate credit rating was Ba3 or higher from Moody's and BB- or higher from Standard and Poor's (S&P) as of December 31, 2016, the applicable LIBOR margin is 2.50% for the 2013 Term Loan; otherwise, the LIBOR margin would be 2.75%.

The Term Loans are repayable in annual installments in an amount equal to 1.00% of the principal amount, with any unpaid balance due on the respective maturity dates. Voluntary prepayments may be made by American at any time.

The proceeds from the April 2016 Term Loan and the December 2016 Term Loan were used to repay $588 million and $970 million, respectively, in remaining principal plus accrued and unpaid interest of the 2013 Citicorp Credit Facility tranche B-2 term loan (Tranche B-2) and tranche B-1 term loan (Tranche B-1), respectively, with the remainder of the proceeds to be used for general corporate purposes.

The 2013 and 2014 Revolving Facilities provide that American may from time to time borrow, repay and reborrow loans thereunder and have the ability to issue letters of credit thereunder in an aggregate

amount outstanding at any time up to $300 million. The 2013 and 2014 Revolving Facilities are each subject to an undrawn fee of 0.75%. As of December 31, 2016, there were no borrowings or letters of credit outstanding under the 2013 or 2014 Revolving Facilities. The April 2016 and December 2016 Credit Facilities each provide for a revolving credit facility that may be established in the future.

Subject to certain limitations and exceptions, the Credit Facilities are secured by certain collateral, including spare parts, certain slots, route authorities and airport gate leasehold rights. American has the ability to make future modifications to the collateral pledged, subject to certain restrictions. American's obligations under the Credit Facilities are guaranteed by AAG. American is required to maintain a certain minimum ratio of appraised value of the collateral to the outstanding loans as further described below in *"Collateral-Related Covenants."*

The Credit Facilities contain events of default customary for similar financings, including cross default to other material indebtedness. Upon the occurrence of an event of default, the outstanding obligations may be accelerated and become due and payable immediately. In addition, if a "change of control" occurs, American will (absent an amendment or waiver) be required to repay at par the loans outstanding under the Credit Facilities and terminate the 2013 and 2014 Revolving Facilities and any revolving credit facilities established under the April 2016 or December 2016 Credit Facilities. The Credit Facilities also include covenants that, among other things, require AAG to maintain a minimum aggregate liquidity (as defined in the Credit Facilities) of not less than $2.0 billion, and limit the ability of AAG and its restricted subsidiaries to pay dividends and make certain other payments, make certain investments, incur additional indebtedness, incur liens on the collateral, dispose of the collateral, enter into certain affiliate transactions and engage in certain business activities, in each case subject to certain exceptions.

(b) 2013 Citicorp Credit Facility

On May 23, 2013, American entered into a term loan credit facility (as amended, the 2013 Citicorp Credit Facility) with Citicorp North America, Inc., as administrative agent, and certain lenders. The 2013 Citicorp Credit Facility consisted of Tranche B-1 and Tranche B-2 that were repaid and terminated in 2016 in connection with American's entry into the April 2016 and December 2016 Credit Facilities discussed above.

(c) EETCs Issued in 2016

2016-1 EETCs

In January 2016, American created three pass-through trusts which issued approximately $1.1 billion aggregate principal amount of Series 2016-1 Class AA, Class A and Class B EETCs (the 2016-1 EETCs) in connection with the financing of 22 aircraft owned by American (the 2016-1 EETC Aircraft). All of the proceeds received from the sale of the 2016-1 EETCs have been used to purchase equipment notes issued by American. Interest and principal payments on the equipment notes are payable semi-annually in January and July of each year, which began in July 2016. These equipment notes are secured by liens on the 2016-1 EETC Aircraft.

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The details of the 2016-1 EETC equipment notes issued by American in three series are reflected in the table below as of December 31, 2016:

	2016-1 EETCs		
	Series AA	Series A	Series B
Aggregate principal issued	$584 million	$262 million	$228 million
Fixed interest rate per annum	3.575%	4.10%	5.25%
Maturity date	January 2028	January 2028	January 2024

2016-2 EETCs

In May and July 2016, American created three pass-through trusts which issued approximately $1.1 billion aggregate principal amount of Series 2016-2 Class AA, Class A and Class B EETCs (the 2016-2 EETCs) in connection with the financing of 22 aircraft owned by American (the 2016-2 EETC Aircraft). All of the proceeds received from the sale of the 2016-2 EETCs have been used to purchase equipment notes issued by American. Interest and principal payments on the equipment notes are payable semi-annually in June and December of each year, with interest payments that began in December 2016 and principal payments beginning in June 2017. These equipment notes are secured by liens on the 2016-2 EETC Aircraft.

The details of the 2016-2 EETC equipment notes issued by American in three series are reflected in the table below as of December 31, 2016:

	2016-2 EETCs		
	Series AA	Series A	Series B
Aggregate principal issued	$567 million	$261 million	$227 million
Fixed interest rate per annum	3.20%	3.65%	4.375%
Maturity date	June 2028	June 2028	June 2024

2016-3 EETCs

In October 2016, American created two pass-through trusts which issued approximately $814 million aggregate principal amount of Series 2016-3 Class AA and Class A EETCs (the 2016-3 EETCs) in connection with the financing of 25 aircraft owned by American or originally scheduled to be delivered to American through January 2017 (the 2016-3 EETC Aircraft). A portion of the proceeds received from the sale of the 2016-3 EETCs has been used to acquire Series AA and A equipment notes issued by American to the pass-through trusts and the balance of such proceeds is being held in escrow for the benefit of the holders of the 2016-3 EETCs until such time as American issues additional Series AA and A equipment notes to the pass-through trusts, which will purchase the notes with escrowed funds. These escrowed funds are not guaranteed by American and are not reported as debt on its consolidated balance sheet because the proceeds held by the depository are not American's assets.

As of December 31, 2016, approximately $705 million of the escrowed proceeds from the 2016-3 EETCs have been used to purchase equipment notes issued by American. Interest and principal payments on the equipment notes are payable semi-annually in April and October of each year, with interest payments beginning in April 2017 and principal payments beginning in October 2017. These equipment notes are secured by liens on the 2016-3 EETC Aircraft. The remaining escrowed proceeds of $109 million will be used to purchase equipment notes as new aircraft are financed following their delivery.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.

The details of the 2016-3 EETC equipment notes issued by American in two series are reflected in the table below as of December 31, 2016:

	2016-3 EETCs	
	Series AA	Series A
Aggregate principal issued	$558 million	$256 million
Remaining escrowed proceeds	$75 million	$34 million
Fixed interest rate per annum	3.00%	3.25%
Maturity date	October 2028	October 2028

(d) Equipment Loans and Other Notes Payable Issued in 2016

In 2016, American entered into loan agreements to borrow $1.8 billion in connection with the financing of certain aircraft. Debt incurred under these loan agreements matures in 2021 through 2028 and bears interest at fixed and variable rates of LIBOR plus an applicable margin averaging 2.96% at December 31, 2016.

(e) Special Facility Revenue Bonds

2016 Financing Activity

In June 2016, the New York Transportation Development Corporation (NYTDC) issued approximately $844 million of special facility revenue refunding bonds (the 2016 JFK Bonds) on behalf of American. The net proceeds from the 2016 JFK Bonds generally were used to provide a portion of the funds to refinance $1.0 billion of special facility revenue bonds (Prior JFK Bonds), the net proceeds of which partially financed the construction of a terminal (the Terminal) used by American at John F. Kennedy International Airport (JFK).

American is required to pay debt service on the 2016 JFK Bonds through payments under a loan agreement with NYTDC, and American and AAG guarantee the 2016 JFK Bonds. American's and AAG's obligations under these guarantees are secured by a mortgage on American's lease of the Terminal and related property from the Port Authority of New York and New Jersey.

The 2016 JFK Bonds, in aggregate, were priced at approximately 107% of par value. The gross proceeds from the issuance of the 2016 JFK Bonds were approximately $907 million. Of this amount, approximately $895 million was used to partially fund the redemption of the Prior JFK Bonds. The 2016 JFK Bonds bear interest at 5.0% per annum and are comprised of $212 million of serial bonds, portions of which mature annually from August 1, 2017 to August 1, 2021, and $632 million of term bonds, $278 million of which matures on August 1, 2026 and $354 million of which matures on August 1, 2031. In connection with the refinancing of the Prior JFK Bonds, American recorded a special nonoperating charge of $36 million consisting of non-cash write offs of unamortized bond discounts and issuance costs as well as payments of redemption premiums and fees.

Guarantees

As of December 31, 2016, American had issued guarantees covering AAG's $750 million aggregate principal amount of 5.50% senior notes due 2019, $500 million aggregate principal amount of 6.125% senior notes due 2018 and $500 million aggregate principal amount of 4.625% senior notes due 2020.

Collateral-Related Covenants

Certain of American's debt financing agreements contain loan to value (LTV) ratio covenants and require American to annually appraise the related collateral. Pursuant to such agreements, if the LTV

ratio exceeds a specified threshold, American is required, as applicable, to pledge additional qualifying collateral (which in some cases may include cash collateral), or pay down such financing, in whole or in part.

Specifically, American is required to meet certain collateral coverage tests on an annual basis for four credit facilities, as described below:

	2013 Credit Facilities	2014 Credit Facilities	April 2016 Credit Facilities	December 2016 Credit Facilities
Frequency of Appraisals of Appraised Collateral	Annual	Annual	Annual	Annual
LTV Requirement	1.6x Collateral valuation to amount of debt outstanding (62.5% LTV)	1.6x Collateral valuation to amount of debt outstanding (62.5% LTV)	1.6x Collateral valuation to amount of debt outstanding (62.5% LTV)	1.6x Collateral valuation to amount of debt outstanding (62.5% LTV)
LTV as of Last Measurement Date	31.5%	23.2%	47.7%	61.8%
Collateral Description	Generally, certain slots, route authorities, and airport gate leasehold rights used by American to operate all services between the U.S. and South America	Generally, certain slots, route authorities and airport gate leasehold rights used by American to operate certain services between the U.S. and London Heathrow	Certain spare parts	Generally, certain Ronald Reagan Washington National Airport (DCA) slots, certain La Guardia Airport (LGA) slots, and certain simulators

At December 31, 2016, American was in compliance with the applicable collateral coverage tests as of the most recent measurement dates.

4. Income Taxes

The significant components of the income tax provision (benefit) were (in millions):

	Year Ended December 31,		
	2016	2015	2014
Current income tax provision (benefit):			
Federal	$ —	$ —	$ (30)
State and Local	10	15	6
Current income tax provision (benefit)	10	15	(24)
Deferred income tax provision (benefit):			
Federal	1,559	(3,407)	342
State and Local	93	(60)	2
Deferred income tax provision (benefit)	1,652	(3,467)	344
Total income tax provision (benefit)	$1,662	$(3,452)	$320

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.

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

	Year Ended December 31,		
	2016	2015	2014
Statutory income tax provision	$1,555	$ 1,635	$ 1,144
State income tax provision, net of federal tax effect	67	71	81
Book expenses not deductible for tax purposes	32	55	4
Bankruptcy administration expenses	1	3	86
Alternative minimum tax (AMT) credit refund	—	—	(29)
Change in valuation allowance	(1)	(5,216)	(1,285)
Income tax provision resulting from OCI allocation	—	—	328
Other, net	8	—	(9)
Income tax provision (benefit)	$1,662	$(3,452)	$ 320

American provides a valuation allowance for its deferred tax assets, which include the NOLs, when it is more likely than not that some portion, or all of its deferred tax assets, will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income. American considers all available positive and negative evidence and makes certain assumptions in evaluating the realizability of its deferred tax assets. Many factors are considered that impact American's projections of future profitability, including risks associated with remaining Merger integration activities as well as other conditions which are beyond its control, such as the health of the economy, the level and volatility of fuel prices and travel demand.

In connection with the preparation of American's financial statements at the end of 2015, American determined that after considering all positive and negative evidence, including the completion of certain critical Merger integration milestones as well as its financial performance, it was more likely than not that substantially all of its deferred income tax assets, which include its NOLs, would be realized. Accordingly, American reversed $3.5 billion of the valuation allowance, which resulted in a special non-cash tax benefit recorded in the consolidated statement of operations.

For the year ended December 31, 2014, American recorded a $320 million tax provision. During 2014, American sold its portfolio of fuel hedging contracts that were scheduled to settle on or after June 30, 2014. In connection with this sale, American recorded a special non-cash tax provision of $328 million in the second quarter of 2014 that reversed the non-cash tax provision which was recorded in OCI, a subset of stockholder's equity, principally in 2009. This provision represents the tax effect associated with gains recorded in OCI principally in 2009 due to a net increase in the fair value of American's fuel hedging contracts. In accordance with GAAP, American retained the $328 million tax provision in OCI until the last contract was settled or terminated.

In addition to the changes in the valuation allowance from operations described in the table above, the valuation allowance was also impacted by the changes in the components of accumulated other comprehensive income (loss), described in Note 8. The total decrease in the valuation allowance was $1 million, $5.2 billion and $525 million in 2016, 2015 and 2014, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.

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

	December 31,	
	2016	2015
Deferred tax assets:		
Operating loss carryforwards	$ 4,087	$ 2,818
Pensions	2,595	2,420
Loyalty program liability	485	590
Alternative minimum tax credit carryforwards	456	458
Postretirement benefits other than pensions	291	340
Rent expense	256	134
Gains from lease transactions	213	261
Reorganization items	53	57
Other	911	1,123
Total deferred tax assets	9,347	8,201
Valuation allowance	(13)	(14)
Net deferred tax assets	9,334	8,187
Deferred tax liabilities:		
Accelerated depreciation and amortization	(7,101)	(5,011)
Other	(335)	(244)
Total deferred tax liabilities	(7,436)	(5,255)
Net deferred tax asset	$ 1,898	$ 2,932

At December 31, 2016, American had approximately $11.3 billion of gross NOL Carryforwards to reduce future federal taxable income, substantially all of which are expected to be available for use in 2017. American is a member of AAG's consolidated federal and certain state income tax returns. The amount of federal NOL Carryforwards available in those returns is $10.5 billion, substantially all of which is expected to be available for use in 2017. The federal NOL Carryforwards will expire beginning in 2022 if unused. American also had approximately $3.4 billion of NOL Carryforwards to reduce future state taxable income at December 31, 2016, which will expire in years 2017 through 2034 if unused. American's ability to deduct its NOL Carryforwards and to utilize certain other available tax attributes can be substantially constrained under the general annual limitation rules of Section 382 where an "ownership change" has occurred. Substantially all of American's remaining federal NOL Carryforwards (attributable to US Airways Group) are subject to limitation under Section 382; however, American's ability to utilize such NOL Carryforwards is not anticipated to be effectively constrained as a result of such limitation. American elected to be covered by certain special rules for federal income tax purposes that permitted approximately $9.5 billion (with $9.3 billion of unlimited NOL still remaining at December 31, 2016) of its federal NOL Carryforwards to be utilized without regard to the annual limitation generally imposed by Section 382. Similar limitations may apply for state income tax purposes. American's ability to utilize any new NOL Carryforwards arising after the ownership changes is not affected by the annual limitation rules imposed by Section 382 unless another future ownership change occurs. Under the Section 382 limitation, cumulative stock ownership changes among material stockholders exceeding 50% during a rolling three-year period can potentially limit a company's future use of NOLs and tax credits. See Part I, Item 1A. Risk Factors – *"Our ability to utilize our NOL Carryforwards may be limited"* for unaudited additional discussion of this risk.

At December 31, 2016, American had an AMT credit carryforward of approximately $452 million available for federal income tax purposes, which is available for an indefinite period.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.

In 2016, American recorded an income tax provision with an effective rate of approximately 37%, which was substantially non-cash as American utilized the NOLs described above. Substantially all of American's income before income taxes is attributable to the United States.

American files its tax returns as prescribed by the tax laws of the jurisdictions in which it operates. American's 2013 through 2015 tax years are still subject to examination by the Internal Revenue Service. Various state and foreign jurisdiction tax years remain open to examination and American is under examination, in administrative appeals, or engaged in tax litigation in certain jurisdictions. American believes that the effect of any assessments will not be material to its consolidated financial statements.

The amount of, and changes to, American's uncertain tax positions were not material in any of the years presented. American accrues interest and penalties related to unrecognized tax benefits in interest expense and operating expense, respectively.

5. Risk Management

American's economic prospects are heavily dependent upon two variables it cannot control: the health of the economy and the price of fuel.

Due to the discretionary nature of business and leisure travel spending, airline industry revenues are heavily influenced by the condition of the U.S. economy and economies in other regions of the world. Unfavorable conditions in these broader economies have resulted, and may result in the future, in decreased passenger demand for air travel and changes in booking practices, both of which in turn have had, and may have in the future, a strong negative effect on American's revenues. In addition, during challenging economic times, actions by its competitors to increase their revenues can have an adverse impact on American's revenues.

American's operating results are materially impacted by changes in the availability, price volatility and cost of aircraft fuel, which represents one of the largest single cost items in American's business. Jet fuel market prices have fluctuated substantially over the past several years and prices continue to be highly volatile. Because of the amount of fuel needed to operate American's business, even a relatively small increase or decrease in the price of fuel can have a material effect on American's operating results and liquidity.

These additional factors could impact American's results of operations, financial performance and liquidity:

(a) Credit Risk

Most of American's receivables relate to tickets sold to individual passengers through the use of major credit cards or to tickets sold by other airlines and used by passengers on American. These receivables are short-term, mostly settled within seven days after sale. Bad debt losses, which have been minimal in the past, have been considered in establishing allowances for doubtful accounts. American does not believe it is subject to any significant concentration of credit risk.

(b) Interest Rate Risk

American has exposure to market risk associated with changes in interest rates related primarily to its variable rate debt obligations. Interest rates on $9.6 billion principal amount of long-term debt as of

December 31, 2016 are subject to adjustment to reflect changes in floating interest rates. The weighted average effective interest rate on American's variable rate debt was 3.1% at December 31, 2016. American does not currently have an interest rate hedge program.

(c) Foreign Currency Risk

American is exposed to the effect of foreign exchange rate fluctuations on the U.S. dollar value of foreign currency-denominated operating revenues and expenses. American's largest exposure comes from the British pound, Euro, Canadian dollar and various Latin American currencies, primarily the Brazilian real. American does not currently have a foreign currency hedge program. See Part I, Item 1A. Risk Factors – *"We operate a global business with international operations that are subject to economic and political instability and have been, and in the future may continue to be, adversely affected by numerous events, circumstances or government actions beyond our control"* for unaudited additional discussion of this risk.

6. Fair Value Measurements

Assets Measured at Fair Value on a Recurring Basis

Fair value is defined as the price that would be received from the sale of an asset or paid to transfer a liability (i.e. an exit price) on the measurement date in an orderly transaction between market participants in the principal or most advantageous market for the asset or liability. Accounting standards include disclosure requirements around fair values used for certain financial instruments and establish a fair value hierarchy. The hierarchy prioritizes valuation inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market. Each fair value measurement is reported in one of three levels:

- Level 1 – Observable inputs such as quoted prices in active markets;
- Level 2 – Inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3 – Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

When available, American uses quoted market prices to determine the fair value of its financial assets. If quoted market prices are not available, American measures fair value using valuation techniques that use, when possible, current market-based or independently-sourced market parameters, such as interest rates and currency rates.

American utilizes the market approach to measure fair value for its financial assets. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets. American's short-term investments classified as Level 2 primarily utilize broker quotes in a non-active market for valuation of these securities. No changes in valuation techniques or inputs occurred during the year ended December 31, 2016.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.

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

	Fair Value Measurements as of December 31, 2016			
	Total	Level 1	Level 2	Level 3
Short-term investments [1], [2]:				
Money market funds	$ 587	$ 587	$ —	$ —
Corporate obligations	2,550	—	2,550	—
Bank notes/certificates of deposit/time deposits	2,897	—	2,897	—
	6,034	587	5,447	—
Restricted cash and short-term investments [1]	638	638	—	—
Total	$6,672	$1,225	$5,447	$ —

[1] Unrealized gains or losses on short-term investments and restricted cash and short-term investments are recorded in accumulated other comprehensive income (loss) at each measurement date.

[2] All short-term investments are classified as available-for-sale and stated at fair value. American's short-term investments mature in one year or less except for $385 million of bank notes/certificates of deposit/time deposits and $230 million of corporate obligations.

	Fair Value Measurements as of December 31, 2015			
	Total	Level 1	Level 2	Level 3
Short-term investments [1], [2]:				
Money market funds	$1,008	$1,008	$ —	$ —
Government agency investments	1	—	1	—
Corporate obligations	2,191	—	2,191	—
Bank notes/certificates of deposit/time deposits	2,662	—	2,662	—
	5,862	1,008	4,854	—
Restricted cash and short-term investments [1]	695	695	—	—
Total	$6,557	$1,703	$4,854	$ —

[1] Unrealized gains or losses on short-term investments and restricted cash and short-term investments are recorded in accumulated other comprehensive income (loss) at each measurement date.

[2] All short-term investments are classified as available-for-sale and stated at fair value. American's short-term investments mature in one year or less except for $1.2 billion of bank notes/certificates of deposit/time deposits and $734 million of corporate obligations.

There were no Level 1 to Level 2 transfers during the years ended December 31, 2016 or 2015.

Fair Value of Debt

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.

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

	December 31, 2016		December 31, 2015	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Long-term debt, including current maturities	$22,577	$23,181	$18,826	$19,378

7. Employee Benefit Plans

American sponsors defined benefit and defined contribution pension plans for eligible employees. The defined benefit pension plans provide benefits for participating employees based on years of service and average compensation for a specified period of time before retirement. Effective November 1, 2012, substantially all of American's defined benefit pension plans were frozen and American began providing enhanced benefits under its defined contribution pension plans for certain groups. American uses a December 31 measurement date for all of its defined benefit pension plans. American also provides certain retiree medical and other postretirement benefits, including health care and life insurance benefits, to retired employees. Effective November 1, 2012, American modified its retiree medical and other postretirement benefits plans to eliminate the company subsidy for employees who retire on or after November 1, 2012. As a result of modifications to its retiree medical and other postretirement benefits plans in 2012, American recognized a negative plan amendment of $1.9 billion, which is included as a component of actuarial gain in OCI and will be amortized over the future service life of the active plan participants for whom the benefit was eliminated, or approximately eight years. As of December 31, 2016, $871 million of actuarial gain remains to be amortized.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.

Benefit Obligations, Fair Value of Plan Assets and Funded Status

The following tables provide a reconciliation of the changes in the pension and retiree medical and other postretirement benefits obligations, fair value of plan assets and a statement of funded status as of December 31, 2016 and 2015:

	Pension Benefits		Retiree Medical and Other Postretirement Benefits	
	2016	2015	2016	2015
	(In millions)			
Benefit obligation at beginning of period	$16,310	$17,504	$ 1,129	$ 1,324
Service cost	2	2	3	3
Interest cost	746	733	47	50
Actuarial (gain) loss [1] [2]	725	(1,153)	(104)	(178)
Plan amendments	—	—	7	—
Settlements	(2)	(3)	—	—
Benefit payments	(633)	(773)	(92)	(94)
Other	—	—	—	24
Benefit obligation at end of period	$17,148	$16,310	$ 990	$ 1,129
Fair value of plan assets at beginning of period	$ 9,660	$10,935	$ 253	$ 244
Actual return on plan assets	911	(505)	22	(10)
Employer contributions	32	6	83	89
Settlements	(2)	(3)	—	—
Benefit payments	(633)	(773)	(92)	(94)
Other [3]	—	—	—	24
Fair value of plan assets at end of period	$ 9,968	$ 9,660	$ 266	$ 253
Funded status at end of period	$ (7,180)	$ (6,650)	$ (724)	$ (876)

[1] The December 31, 2016 and 2015 pension actuarial (gain) loss primarily relates to weighted average discount rate assumption changes and changes to American's mortality assumptions.

[2] The December 31, 2016 and 2015 retiree medical and other postretirement benefits actuarial gain primarily relates to medical trend and cost assumption changes, favorable plan experience adjustments and weighted average discount rate assumption changes.

[3] At December 31, 2015, certain trust assets totaling approximately $24 million, were added to the retiree medical and other postretirement benefits plans asset values that were previously offset against the benefit obligation.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.

Balance Sheet Position

	Pension Benefits		Retiree Medical and Other Postretirement Benefits	
	2016	2015	2016	2015
	(In millions)			
As of December 31,				
Current liability	$ 7	$ 7	$ 97	$ 109
Noncurrent liability [1]	7,173	6,643	627	767
Total liabilities	$7,180	$6,650	$ 724	$ 876
Net actuarial loss (gain)	$5,472	$5,036	$ (429)	$ (339)
Prior service cost (benefit) [1]	188	216	(837)	(1,084)
Total accumulated other comprehensive loss (income), pre-tax	$5,660	$5,252	$(1,266)	$(1,423)

[1] The 2016 noncurrent liability does not include $20 million of other postretirement benefits or $1 million of prior service cost. The 2015 noncurrent liability does not include $17 million of other postretirement benefits or $1 million of prior service cost.

Plans with Accumulated Benefit Obligations Exceeding Fair Value of Plan Assets

	Pension Benefits		Retiree Medical and Other Postretirement Benefits	
	2016	2015	2016	2015
	(In millions)			
Projected benefit obligation (PBO)	$17,119	$16,283	$ —	$ —
Accumulated benefit obligation (ABO)	17,108	16,272	—	—
Accumulated postretirement benefit obligation (APBO)	—	—	990	1,129
Fair value of plan assets	9,936	9,630	266	253
ABO less fair value of plan assets	7,172	6,642	—	—

Net Periodic Benefit Cost (Income)

	Pension Benefits			Retiree Medical and Other Postretirement Benefits		
	2016	2015	2014	2016	2015	2014
	(In millions)					
Defined benefit plans:						
Service cost	$ 2	$ 1	$ 2	$ 3	$ 3	$ 1
Interest cost	746	733	742	47	50	61
Expected return on assets	(747)	(848)	(783)	(20)	(19)	(19)
Settlements	—	1	4	—	—	—
Amortization of:						
Prior service cost (benefit) [1]	28	28	28	(240)	(243)	(244)
Unrecognized net loss (gain)	125	111	43	(16)	(9)	(8)
Net periodic benefit cost (income)	154	26	36	(226)	(218)	(209)
Defined contribution plan cost	761	657	527	N/A	N/A	N/A
Total cost (income)	$ 915	$ 683	$ 563	$ (226)	$ (218)	$ (209)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.

(1) The 2016, 2015 and 2014 prior service cost does not include amortization of $1 million, $3 million and $14 million, respectively, related to other postretirement benefits.

The estimated amount of unrecognized net loss for the defined benefit pension plans that will be amortized from accumulated other comprehensive income (loss) into net periodic benefit cost over the next fiscal year is $144 million.

The estimated amount of unrecognized net gain for the retiree medical and other postretirement benefits plans that will be amortized from accumulated other comprehensive income (loss) into net periodic benefit cost over the next fiscal year is $23 million.

Assumptions

The following actuarial assumptions were used to determine American's benefit obligations and net periodic benefit cost for the periods presented:

	Pension Benefits		Retiree Medical and Other Postretirement Benefits	
	2016	2015	2016	2015
Benefit obligations:				
Weighted average discount rate	4.30%	4.70%	4.10%	4.42%

	Pension Benefits			Retiree Medical and Other Postretirement Benefits		
	2016	2015	2014	2016	2015	2014
Net periodic benefit cost:						
Weighted average discount rate	4.70%	4.30%	5.10%	4.42%	4.00%	4.74%
Weighted average expected rate of return on plan assets	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Weighted average health care cost trend rate assumed for next year (1)	N/A	N/A	N/A	4.25%	5.21%	5.25%

(1) The weighted average health care cost trend rate at December 31, 2016 is assumed to decline gradually to 3.77% by 2024 and remain level thereafter.

As of December 31, 2016, American's estimate of the long-term rate of return on plan assets was 8% based on the target asset allocation. Expected returns on long duration bonds are based on yields to maturity of the bonds held at year-end. Expected returns on other assets are based on a combination of long-term historical returns, actual returns on plan assets achieved over the last ten years, current and expected market conditions, and expected value to be generated through active management, currency overlay and securities lending programs.

A one percentage point change in the assumed health care cost trend rates would have the following effects on American's retiree medical and other postretirement benefits plans (in millions):

	1% Increase	1% Decrease
Increase (decrease) on 2016 service and interest cost	$ 3	$ (3)
Increase (decrease) on benefit obligation as of December 31, 2016	53	(50)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.

Minimum Contributions

American is required to make minimum contributions to its defined benefit pension plans under the minimum funding requirements of the Employee Retirement Income Security Act of 1974 and various other laws for U.S. based plans as well as under funding rules specific to countries where American maintains defined benefit plans. Based on current funding assumptions, American has minimum required contributions of $25 million for 2017. American expects to make supplemental contributions of $254 million to its U.S. based defined benefit plans in 2017. Currently, the minimum funding obligation for American's U.S. based defined benefit pension plans is subject to temporary favorable rules that are scheduled to expire at the end of 2017. American's pension funding obligations are likely to increase materially following expiration of the temporary funding rules, when American will be required to make contributions relating to the 2018 fiscal year. The amount of these obligations will depend on the performance of American's investments held in trust by the pension plans, interest rates for determining liabilities, the amount of and timing of any supplemental contributions and American's actuarial experience.

Benefit Payments

The following benefit payments, which reflect expected future service as appropriate, are expected to be paid (approximately, in millions):

	2017	2018	2019	2020	2021	2022-2026
Pension	$685	$719	$758	$800	$841	$ 4,797
Retiree medical and other postretirement benefits	97	93	88	79	73	312

Plan Assets

The objectives of American's investment policies are to: maintain sufficient income and liquidity to pay retirement benefits; produce a long-term rate of return that meets or exceeds the assumed rate of return for plan assets; limit the volatility of asset performance and funded status; and diversify assets among asset classes and investment managers.

Based on these investment objectives, a long-term strategic asset allocation has been established. This strategic allocation seeks to balance the potential benefit of improving funded position with the potential risk that the funded position would decline. The current strategic target asset allocation is as follows:

Asset Class/Sub-Class	Allowed Range
Equity	65% - 90%
Public:	
U.S.	20% - 45%
International	17% - 27%
Emerging Markets	5% - 11%
Alternative Investments	5% - 30%
Fixed Income	15% - 40%
U.S. Long Duration	15% - 40%
High Yield and Emerging Markets	0% - 10%
Other	0% - 5%
Cash Equivalents	0% - 5%

Public equity and emerging market fixed income securities are used to provide diversification and are expected to generate higher returns over the long-term than U.S. long duration bonds. Public stocks are managed using a value investment approach in order to participate in the returns generated by stocks in the long-term, while reducing year-over-year volatility. U.S. long duration bonds are used to partially hedge the assets from declines in interest rates. Alternative (private) investments are used to provide expected returns in excess of the public markets over the long-term. Additionally, the pension plan's master trust engages currency overlay managers in an attempt to increase returns by protecting non-U.S. dollar denominated assets from a rise in the relative value of the U.S. dollar. The pension plan's master trust also participates in securities lending programs to generate additional income by loaning plan assets to borrowers on a fully collateralized basis. These programs are subject to market risk.

Investments in securities traded on recognized securities exchanges are valued at the last reported sales price on the last business day of the year. Securities traded in the over-the-counter market are valued at the last bid price. The money market fund is valued at fair value which represents the net asset value of the shares of such fund as of the close of business at the end of the period. Investments in limited partnerships are carried at estimated net asset value as determined by and reported by the general partners of the partnerships and represent the proportionate share of the estimated fair value of the underlying assets of the limited partnerships. Common/collective trusts are valued at net asset value based on the fair values of the underlying investments of the trusts as determined by the sponsor of the trusts. The pension plan's master trust also invests in a 103-12 investment entity (the 103-12 Investment Trust) which is designed to invest plan assets of more than one unrelated employer. The 103-12 Investment Trust is valued at net asset value which is determined by the issuer at the end of each month and is based on the aggregate fair value of trust assets less liabilities, divided by the number of units outstanding. No changes in valuation techniques or inputs occurred during the year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.

Benefit Plan Assets Measured at Fair Value on a Recurring Basis

The fair value of American's pension plan assets at December 31, 2016 and 2015, by asset category, are as follows (in millions):

	Fair Value Measurements as of December 31, 2016			
Asset Category	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Cash and cash equivalents	$ 573	$ —	$ —	$ 573
Equity securities:				
International markets [a], [b]	3,232	—	—	3,232
Large-cap companies [b]	2,253	—	—	2,253
Mid-cap companies [b]	371	—	—	371
Small-cap companies [b]	6	—	—	6
Fixed income:				
Corporate bonds [c]	—	2,337	—	2,337
Government securities [d]	—	150	—	150
U.S. municipal securities	—	37	—	37
Alternative instruments:				
Private equity partnerships [e]	—	—	21	21
Private equity partnerships measured at net asset value [e] [g]	—	—	—	703
Common/collective trusts [f]	—	32	—	32
Common/collective trusts and 103-12 Investment Trust measured at net asset value [f] [g]	—	—	—	227
Insurance group annuity contracts	—	—	2	2
Dividend and interest receivable	40	—	—	40
Due to/from brokers for sale of securities – net	(9)	—	—	(9)
Other liabilities – net	(7)	—	—	(7)
Total	$ 6,459	$ 2,556	$ 23	$9,968

a) Holdings are diversified as follows: 15% United Kingdom, 12% Japan, 10% France, 7% Switzerland, 6% Netherlands, 17% of other emerging markets and the remaining 33% with no concentration greater than 5% in any one country.

b) There are no significant concentrations of holdings by company or industry.

c) Includes approximately 74% investments in corporate debt with a S&P rating lower than A and 26% investments in corporate debt with a S&P rating A or higher. Holdings include 86% U.S. companies, 12% international companies and 2% emerging market companies.

d) Includes approximately 61% investments in U.S. domestic government securities and 39% in emerging market government securities. There are no significant foreign currency risks within this classification.

e) Includes limited partnerships that invest primarily in U.S. (95%) and European (5%) buyout opportunities of a range of privately held companies. The pension plan's master trust does not have the right to redeem its limited partnership investment at its net asset value, but rather

receives distributions as the underlying assets are liquidated. It is estimated that the underlying assets of these funds will be gradually liquidated over the next one to ten years. Additionally, the pension plan's master trust has future funding commitments of approximately $456 million over the next ten years.

f) Investment includes 73% in an emerging market 103-12 Investment Trust with investments in emerging country equity securities, 12% in Canadian segregated balanced value, income growth and diversified pooled funds and 15% in a common/collective trust investing in securities of smaller companies located outside the U.S., including developing markets. Requests for withdrawals must meet specific requirements with advance notice of redemption preferred.

g) In accordance with ASU 2015-07, certain investments that are measured using net asset value per share (or its equivalent) as a practical expedient for fair value have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the notes to the consolidated financial statements.

	Fair Value Measurements as of December 31, 2015			
Asset Category	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Cash and cash equivalents	$ 287	$ —	$ —	$ 287
Equity securities:				
International markets [a], [b]	2,873	—	—	2,873
Large-cap companies [b]	1,999	—	—	1,999
Mid-cap companies [b]	361	—	—	361
Small-cap companies [b]	18	—	—	18
Fixed income:				
Corporate bonds [c]	—	2,204	—	2,204
Government securities [d]	—	917	—	917
U.S. municipal securities	—	48	—	48
Alternative instruments:				
Private equity partnerships [e]	—	—	16	16
Private equity partnerships measured at net asset value [e] [g]	—	—	—	706
Common/collective trusts [f]	—	30	—	30
Common/collective trusts and 103-12 Investment Trust measured at net asset value [f] [g]	—	—	—	189
Insurance group annuity contracts	—	—	2	2
Dividend and interest receivable	50	—	—	50
Due to/from brokers for sale of securities – net	23	—	—	23
Other assets – net	8	—	—	8
Other liabilities – net	(71)	—	—	(71)
Total	$ 5,548	$ 3,199	$ 18	$9,660

a) Holdings are diversified as follows: 16% United Kingdom, 12% Japan, 10% France, 7% Switzerland, 7% Netherlands, 6% Republic of Korea, 11% of other emerging markets and the remaining 31% with no concentration greater than 5% in any one country.

b) There are no significant concentrations of holdings by company or industry.

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c) Includes approximately 74% investments in corporate debt with a S&P rating lower than A and 26% investments in corporate debt with a S&P rating A or higher. Holdings include 82% U.S. companies, 16% international companies and 2% emerging market companies.

d) Includes approximately 75% investments in U.S. domestic government securities and 25% in emerging market government securities. There are no significant foreign currency risks within this classification.

e) Includes limited partnerships that invest primarily in U.S. (89%) and European (11%) buyout opportunities of a range of privately held companies. The pension plan's master trust does not have the right to redeem its limited partnership investment at its net asset value, but rather receives distributions as the underlying assets are liquidated. It is estimated that the underlying assets of these funds will be gradually liquidated over the next one to ten years. Additionally, the pension plan's master trust has future funding commitments of approximately $428 million over the next ten years.

f) Investment includes 73% in an emerging market 103-12 Investment Trust with investments in emerging country equity securities, 14% in Canadian segregated balanced value, income growth and diversified pooled funds and 13% in a common/collective trust investing in securities of smaller companies located outside the U.S., including developing markets. Requests for withdrawals must meet specific requirements with advance notice of redemption preferred.

g) In accordance with ASU 2015-07, certain investments that are measured using net asset value per share (or its equivalent) as a practical expedient for fair value have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the notes to the consolidated financial statements.

Changes in fair value measurements of Level 3 investments during the year ended December 31, 2016, were as follows (in millions):

	Private Equity Partnerships	Insurance Group Annuity Contracts
Beginning balance at December 31, 2015	$ 16	$ 2
Actual return on plan assets:		
Relating to assets sold during the period	7	—
Purchases	7	—
Sales	(9)	—
Ending balance at December 31, 2016	$ 21	$ 2

Changes in fair value measurements of Level 3 investments during the year ended December 31, 2015, were as follows (in millions):

	Private Equity Partnerships	Insurance Group Annuity Contracts
Beginning balance at December 31, 2014	$ 17	$ 2
Actual return on plan assets:		
Relating to assets still held at the reporting date	(1)	—
Ending balance at December 31, 2015	$ 16	$ 2

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The fair value of American's retiree medical and other postretirement benefits plans assets at December 31, 2016 by asset category, were as follows (in millions):

	Fair Value Measurements as of December 31, 2016			
Asset Category	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Money market fund	$ 5	$ —	$ —	$ 5
Mutual funds – Institutional Class	261	—	—	261
Total	$ 266	$ —	$ —	$266

The fair value of American's retiree medical and other postretirement benefits plans assets at December 31, 2015 by asset category, were as follows (in millions):

	Fair Value Measurements as of December 31, 2015			
Asset Category	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Money market fund	$ 4	$ —	$ —	$ 4
Mutual funds – Institutional Class	19	—	—	19
Mutual funds – AMR Class	—	230	—	230
Total	$ 23	$ 230	$ —	$253

Investments in the retiree medical and other postretirement benefits plans' mutual funds are valued by quoted prices on the active market, which is fair value and represents the net asset value of the shares of such funds as of the close of business at the end of the period. AMR Class shares are offered without a sales charge to participants. Purchases are restricted to certain retirement benefit plans, including American's retiree medical and other postretirement benefits plans, resulting in a fair value classification of Level 2. Investments include approximately 27% of investments in non-U.S. common stocks in each of 2016 and 2015. Net asset value is based on the fair market value of the funds' underlying assets and liabilities at the date of determination.

Profit Sharing Program

American instituted an employee profit sharing program effective on January 1, 2016 and accrues 5% of its pre-tax income excluding special items to distribute to employees in early 2017. For the year ended December 31, 2016, American accrued $314 million for this program.

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8. Accumulated Other Comprehensive Income (Loss)

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

	Pension, Retiree Medical and Other Postretirement Benefits	Derivative Financial Instruments	Unrealized Gain (Loss) on Investments	Income Tax Benefit (Provision) [1]	Total
Balance at December 31, 2014	$ (3,671)	$ 9	$ (3)	$ (991)	$(4,656)
Other comprehensive loss before reclassifications	(51)	—	(7)	—	(58)
Amounts reclassified from accumulated other comprehensive income (loss)	(109)	(9)	1	—	(117)
Net current-period other comprehensive loss	(160)	(9)	(6)	—	(175)
Balance at December 31, 2015	(3,831)	—	(9)	(991)	(4,831)
Other comprehensive income (loss) before reclassifications	(461)	—	9	166	(286)
Amounts reclassified from accumulated other comprehensive income (loss)	(102)	—	—	37 [2]	(65)
Net current-period other comprehensive income (loss)	(563)	—	9	203	(351)
Balance at December 31, 2016	$ (4,394)	$ —	$ —	$ (788)	$(5,182)

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

(2) Relates to pension, retiree medical and other postretirement benefits obligations and is recognized within the income tax provision on the consolidated statement of operations.

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Reclassifications out of AOCI for the years ended December 31, 2016 and 2015 are as follows (in millions):

AOCI Components	Amount reclassified from AOCI Year Ended December 31, 2016	2015	Affected line items on the consolidated statement of operations
Amortization of pension, retiree medical and other postretirement benefits:			
Prior service benefit	$ (134)	$ (212)	Salaries, wages and benefits
Actuarial loss	69	103	Salaries, wages and benefits
Derivative financial instruments:			
Cash flow hedges	—	(9)	Aircraft fuel and related taxes
Net unrealized change on investments:			
Net change in value	—	1	Other nonoperating, net
Total reclassifications for the period, net of tax	$ (65)	$ (117)	

Amounts allocated to OCI for income taxes as further described in Note 4 will remain in AOCI until American ceases all related activities, such as termination of the pension plan.

9. Commitments, Contingencies and Guarantees

(a) Aircraft and Engine Purchase Commitments

Under all of American's aircraft and engine purchase agreements, its total future commitments as of December 31, 2016 are expected to be as follows (approximately, in millions):

	2017	2018	2019	2020	2021	2022 and Thereafter	Total
Payments for aircraft commitments and certain engines [1]	$4,064	$2,192	$3,113	$3,133	$2,948	$ 2,553	$ 18,003

[1] These amounts are net of purchase deposits currently held by the manufacturers and include all commitments for regional aircraft. American has granted a security interest in its purchase deposits with Boeing. American's purchase deposits held by all manufacturers totaled $1.2 billion as of December 31, 2016.

(b) Facility and support commitments

American has contracts related to facility construction or improvement projects, primarily at airport locations, as well as information technology support. The contractual obligations related to these contracts are presented in the table below (approximately, in millions):

	2017	2018	2019	2020	2021	2022 and Thereafter	Total
Facility construction or improvement contracts	$182	$126	$ 13	$ —	$ —	$ —	$321
Information technology contracts	205	168	128	47	24	8	580

(c) Capacity Purchase Agreements with Third-Party Regional Carriers

American has capacity purchase agreements with third-party regional carriers. The capacity purchase agreements provide that all revenues, including passenger, in-flight, ancillary, mail and

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.

freight revenues, go to American. In return, American agrees to pay predetermined fees to these airlines for operating an agreed-upon number of aircraft, without regard to the number of passengers on board. In addition, these agreements provide that American reimburses 100% of certain variable costs, such as airport landing fees and passenger liability insurance. American controls marketing, scheduling, ticketing, pricing and seat inventories.

As of December 31, 2016, American's capacity purchase agreements with third-party regional carriers had expiration dates ranging from 2017 to 2027, with rights of American to extend the respective terms of certain agreements. See Part I, Item 2. Properties for unaudited information on the aircraft operated by third-party regional carriers under such capacity purchase agreements.

As of December 31, 2016, American's minimum fixed obligations under its capacity purchase agreements with third-party regional carriers are as follows (approximately, in millions):

	2017	2018	2019	2020	2021	2022 and Thereafter	Total
Minimum fixed obligations under capacity purchase agreements with third-party regional carriers [1]	$1,710	$1,421	$1,283	$1,048	$855	$ 2,738	$ 9,055

(1) Represents minimum payments under capacity purchase agreements with third-party regional carriers. These commitments are estimates of costs based on assumed minimum levels of flying under the capacity purchase agreements and American's actual payments could differ materially. These obligations also include the portion of American's future obligations related to aircraft deemed to be leased in the amount of approximately $434 million in 2017, $370 million in 2018, $349 million in 2019, $317 million in 2020, $280 million in 2021 and $927 million in 2022 and thereafter.

(d) Operating Leases

American leases certain aircraft, engines and ground equipment, in addition to the majority of its ground facilities and terminal space. As of December 31, 2016, American had 408 aircraft under operating leases, with remaining terms ranging from three months to approximately 11 years. Airports are utilized for flight operations under lease arrangements with the municipalities or agencies owning or controlling such airports. Substantially all leases provide that the lessee must pay taxes, maintenance, insurance and certain other operating expenses applicable to the leased property. Some leases also include renewal and purchase options.

As of December 31, 2016, obligations under noncancellable operating leases for future minimum lease payments are as follows (approximately, in millions):

	2017	2018	2019	2020	2021	2022 and Thereafter	Total
Future minimum lease payments	$2,242	$2,010	$ 1,813	$ 1,638	$ 1,213	$ 3,785	$ 12,701

Mainline and regional rent expense, excluding landing fees, was $2.7 billion in each of 2016 and 2015 and $2.8 billion in 2014.

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(e) Off-Balance Sheet Arrangements

Aircraft

American currently operates 346 owned aircraft and 138 leased aircraft which were financed with EETCs issued by pass-through trusts. These trusts are off-balance sheet entities, the primary purpose of which is to finance the acquisition of flight equipment. Rather than finance each aircraft separately when such aircraft is purchased, delivered or refinanced, these trusts allow American to raise the financing for a number of aircraft at one time and, if applicable, place such funds in escrow pending a future purchase, delivery or refinancing of the relevant aircraft. The trusts were also structured to provide for certain credit enhancements, such as liquidity facilities to cover certain interest payments, that reduce the risks to the purchasers of the trust certificates and, as a result, reduce the cost of aircraft financing to American.

Each trust covers a set number of aircraft scheduled to be delivered or refinanced upon the issuance of the EETC or within a specific period of time thereafter. At the time of each covered aircraft financing, the relevant trust used the proceeds of the issuance of the EETC (which may have been available at the time of issuance thereof or held in escrow until financing of the applicable aircraft following its delivery) to purchase equipment notes relating to the financed aircraft. The equipment notes are issued, at American's election, in connection with a mortgage financing of the aircraft or, in certain cases, by a separate owner trust in connection with a leveraged lease financing of the aircraft. In the case of a leveraged lease financing, the owner trust then leases the aircraft to American. In both cases, the equipment notes are secured by a security interest in the aircraft. The pass-through trust certificates are not direct obligations of, nor are they guaranteed by, AAG or American. However, in the case of mortgage financings, the equipment notes issued to the trusts are direct obligations of American and, in certain instances, have been guaranteed by AAG. As of December 31, 2016, $10.9 billion associated with these mortgage financings is reflected as debt in the accompanying consolidated balance sheet.

With respect to leveraged leases, American evaluated whether the leases had characteristics of a variable interest entity. American concluded the leasing entities met the criteria for variable interest entities. American generally is not the primary beneficiary of the leasing entities if the lease terms are consistent with market terms at the inception of the lease and do not include a residual value guarantee, fixed-price purchase option or similar feature that obligates American to absorb decreases in value or entitles American to participate in increases in the value of the aircraft. American does not provide residual value guarantees to the bondholders or equity participants in the trusts. Some leases have a fair market value or a fixed price purchase option that allows American to purchase the aircraft at or near the end of the lease term. However, the option price approximates an estimate of the aircraft's fair value at the option date. Under this feature, American does not participate in any increases in the value of the aircraft. American concluded it is not the primary beneficiary under these arrangements. Therefore, American accounts for its EETC leveraged lease financings as operating leases. American's total future obligations under these leveraged lease financings are $1.5 billion as of December 31, 2016, which are included in the future minimum lease payments table above.

Special Facility Revenue Bonds

American guarantees the payment of principal and interest of certain special facility revenue bonds issued by municipalities primarily to build or improve airport facilities and purchase equipment which is leased to American. Under such leases, American is required to make rental payments through 2035, sufficient to pay maturing principal and interest payments on the related bonds. As of December 31, 2016, the remaining lease payments guaranteeing the principal and interest on these bonds are $605 million, which are accounted for as operating leases.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.

(f) Legal Proceedings

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

Pursuant to rulings of the Bankruptcy Court, the Plan established the Disputed Claims Reserve to hold shares of AAG common stock reserved for issuance to disputed claimholders at the Effective Date that ultimately become holders of allowed claims. As of December 31, 2016, there were approximately 25.2 million shares of AAG common stock remaining in the Disputed Claims Reserve. As disputed claims are resolved, the claimants will receive distributions of shares from the Disputed Claims Reserve on the same basis as if such distributions had been made on or about the Effective Date. However, American is not required to distribute additional shares above the limits contemplated by the Plan, even if the shares remaining for distribution are not sufficient to fully pay any additional allowed unsecured claims. To the extent that any of the reserved shares remain undistributed upon resolution of all remaining disputed claims, such shares will not be returned to American but rather will be distributed to former AMR stockholders.

There is also pending in the Bankruptcy Court an adversary proceeding relating to an action brought by American to seek a determination that certain non-pension, postemployment benefits are not vested benefits and thus may be modified or terminated without liability to American. On April 18, 2014, the Bankruptcy Court granted American's motion for summary judgment with respect to certain non-union employees, concluding that their benefits were not vested and could be terminated. The summary judgment motion was denied with respect to all other retirees. The Bankruptcy Court has not yet scheduled a trial on the merits concerning whether those retirees' benefits are vested, and American cannot predict whether it will receive relief from obligations to provide benefits to any of those retirees. American's financial statements presently reflect these retirement programs without giving effect to any modification or termination of benefits that may ultimately be implemented based upon the outcome of this proceeding.

DOJ Antitrust Civil Investigative Demand. In June 2015, American received a Civil Investigative Demand (CID) from the United States Department of Justice (DOJ) as part of an investigation into whether there have been illegal agreements or coordination of air passenger capacity. The CID seeks documents and other information from American, and other airlines have announced that they have received similar requests. American is cooperating fully with the DOJ investigation. In addition, subsequent to announcement of the delivery of CIDs by the DOJ, American, along with Delta Air Lines, Inc., Southwest Airlines Co., United Airlines, Inc. and, in the case of litigation filed in Canada, Air Canada, have been named as defendants in approximately 100 putative class action lawsuits alleging unlawful agreements with respect to air passenger capacity. The U.S. lawsuits have been consolidated in the Federal District Court for the District of Columbia. On October 28, 2016, the Court denied a motion by the airline defendants to dismiss all claims in the class actions. Both the DOJ investigation and these lawsuits are in their relatively early stages and American intends to defend these matters vigorously.

Private Party Antitrust Action. On July 2, 2013, a lawsuit captioned Carolyn Fjord, et al., v. US Airways Group, Inc., et al., was filed in the United States District Court for the Northern District of

California. The complaint named as defendants US Airways Group and US Airways, Inc., alleged that the effect of the Merger may be to create a monopoly in violation of Section 7 of the Clayton Antitrust Act, and sought injunctive relief and/or divestiture. On August 6, 2013, the plaintiffs re-filed their complaint in the Bankruptcy Court, adding AMR and American as defendants. On November 27, 2013, the Bankruptcy Court denied plaintiffs' motion to preliminarily enjoin the Merger. On August 19, 2015, after three previous largely unsuccessful attempts to amend their complaint, plaintiffs filed a fourth motion for leave to file an amended and supplemental complaint to add a claim for damages and demand for jury trial, as well as claims similar to those in the putative class action lawsuits regarding air passenger capacity. Thereafter, plaintiffs filed a request with the Judicial Panel on Multidistrict Litigation to consolidate the Fjord matter with the putative class action lawsuits, which was denied on October 15, 2015. A jointly proposed schedule for the remainder of the case was submitted on September 7, 2016, which has not yet been accepted by the Bankruptcy Court. American believes this lawsuit is without merit and intends to vigorously defend against the allegations.

DOJ Investigation Related to the United States Postal Service. In April 2015, the DOJ informed American of an inquiry regarding American's 2009 and 2011 contracts with the United States Postal Service for the international transportation of mail by air. In October 2015, American received a CID from the DOJ seeking certain information relating to these contracts and the DOJ has also sought information concerning certain of the airlines that transport mail on a codeshare basis. The DOJ has indicated it is investigating potential violations of the False Claims Act or other statutes. American is cooperating fully with the DOJ with regard to its investigation.

General. In addition to the specifically identified legal proceedings, American and its subsidiaries are also engaged in other legal proceedings from time to time. Legal proceedings can be complex and take many months, or even years, to reach resolution, with the final outcome depending on a number of variables, some of which are not within American's control. Therefore, although American will vigorously defend itself in each of the actions described above and such other legal proceedings, their ultimate resolution and potential financial and other impacts on American are uncertain but could be material. See Part I, Item 1A. Risk Factors —*"We may be a party to litigation in the normal course of business or otherwise, which could affect our financial position and liquidity"* for unaudited additional discussion.

(g) Guarantees and Indemnifications

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

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

American's loan agreements and other LIBOR-based financing transactions (including certain leveraged aircraft leases) generally obligate American to reimburse the applicable lender for incremental costs due to a change in law that imposes (i) any reserve or special deposit requirement against assets of, deposits with or credit extended by such lender related to the loan, (ii) any tax, duty or other charge with respect to the loan (except standard income tax) or (iii) capital adequacy requirements. In addition, American's loan agreements and other financing arrangements typically

contain a withholding tax provision that requires American to pay additional amounts to the applicable lender or other financing party, generally if withholding taxes are imposed on such lender or other financing party as a result of a change in the applicable tax law.

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

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

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

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

American is involved in certain claims and litigation related to its operations. American is also subject to regulatory assessments in the ordinary course of business. American establishes reserves for litigation and regulatory matters when those matters present loss contingencies that are both probable and can be reasonably estimated. In the opinion of management, liabilities, if any, arising from these regulatory matters, claims and litigation will not have a material adverse effect on American's consolidated financial position, results of operations, or cash flows, after consideration of available insurance.

As of December 31, 2016, American had issued guarantees covering AAG's $750 million aggregate principal amount of 5.50% senior notes due 2019, $500 million aggregate principal amount of 6.125% senior notes due 2018 and $500 million aggregate principal amount of 4.625% senior notes due 2020.

(h) Credit Card Processing Agreements

American has agreements with companies that process customer credit card transactions for the sale of air travel and other services. American's agreements allow these processing companies, under certain conditions, to hold an amount of its cash (referred to as a holdback) equal to a portion of advance ticket sales that have been processed by that company, but for which American has not yet provided the air transportation. Additional holdback requirements in the event of material adverse changes in American's financial condition will reduce its liquidity in the form of unrestricted cash by the amount of the holdbacks. American is not currently required to maintain any holdbacks pursuant to these requirements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.

(i) Labor Negotiations

As of December 31, 2016, American employed approximately 101,500 active full-time equivalent employees. Approximately 84% of employees are covered by collective bargaining agreements with various labor unions. Negotiations for joint collective bargaining agreements covering American's maintenance, fleet service, stores and planner employees are continuing. There is no assurance that a successful or timely resolution of these labor negotiations will be achieved.

(j) Other

As a result of the terrorist attacks of September 11, 2001 and the subsequent liability protections provided for by the Air Transportation Safety and System Stabilization Act (the Stabilization Act), American recorded a liability for these terrorist attacks claims equal to the related insurance receivable due to American. The Stabilization Act provides that, notwithstanding any other provision of law, liability for all claims, whether compensatory or punitive, arising from these terrorist attacks, against any air carrier shall not exceed the liability coverage maintained by the air carrier. As of December 31, 2016, the remaining liability and the amount of the offsetting receivable were each $974 million.

10. Supplemental Cash Flow Information

Supplemental disclosure of cash flow information and non-cash investing and financing activities are as follows (in millions):

	Year Ended December 31,		
	2016	2015	2014
Non-cash investing and financing activities:			
Settlement of bankruptcy obligations	$ 3	$ 63	$ 5,131
Capital lease obligations	—	5	747
Supplemental information:			
Interest paid, net of amounts capitalized	867	787	780
Income taxes paid	14	19	4

11. Operating Segments and Related Disclosures

American is managed as a single business unit that provides air transportation for passengers and cargo. This allows it to benefit from an integrated revenue pricing and route network that includes American and AAG's wholly-owned and third-party regional carriers that fly under capacity purchase agreements operating as American Eagle. The flight equipment of all these carriers is combined to form one fleet that is deployed through a single route scheduling system. When making resource allocation decisions, the chief operating decision maker evaluates flight profitability data, which considers aircraft type and route economics, but gives no weight to the financial impact of the resource allocation decision on an individual carrier basis. The objective in making resource allocation decisions is to maximize consolidated financial results, not the individual results of American or American Eagle.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.

American's operating revenues by geographic region as defined by the United States Department of Transportation (DOT) are summarized below (in millions):

	Year Ended December 31,		
	2016	2015	2014
DOT Domestic	$28,603	$28,709	$28,584
DOT Latin America	4,995	5,539	6,974
DOT Atlantic	4,769	5,146	5,652
DOT Pacific	1,796	1,544	1,466
Total operating revenues	$40,163	$40,938	$42,676

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

12. Share-based Compensation

The 2013 AAG Incentive Award Plan (the 2013 Plan) provides that awards may be in the form of an option, restricted stock award, restricted stock unit award, performance award, dividend equivalent award, deferred stock award, deferred stock unit award, stock payment award or stock appreciation right. The 2013 Plan authorizes the grant of awards for the issuance of 40 million shares. Any shares underlying awards granted under the 2013 Plan, or any pre-existing US Airways Group plan, that are forfeited, terminate or are settled in cash (in whole or in part) without the delivery of shares will again be available for grant.

American's net income for the years ended December 31, 2016, 2015 and 2014 included $102 million, $274 million and $381 million, respectively, of share-based compensation costs. Of the 2015 and 2014 amounts, $198 million and $224 million, respectively, were related to awards granted to certain employees in connection with the Merger and recorded in special items, net on the accompanying consolidated statements of operations.

During 2016, 2015 and 2014, AAG withheld approximately 1.4 million, 7.0 million and 1.7 million shares of AAG common stock, respectively, and paid approximately $56 million, $306 million and $62 million, respectively, in satisfaction of certain tax withholding obligations associated with employee equity awards.

(a) Restricted Stock Unit Awards (RSUs)

AAG has granted RSUs with service conditions (time vested primarily over three years) and performance conditions. The grant-date fair value of RSUs is equal to the market price of the underlying shares of common stock on the date of grant. For time vested awards, the expense is recognized on a straight-line basis over the vesting period for the entire award. For awards with performance conditions, the expense is recognized based on the expected achievement at each reporting period. Stock-settled RSUs are classified as equity awards as the vesting results in the issuance of shares of AAG common stock. Cash-settled restricted stock unit awards (CRSUs) are classified as liability awards as the vesting results in payment of cash by AAG.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.

Stock-settled RSU award activity for all plans for the years ended December 31, 2016, 2015 and 2014 is as follows (shares in thousands):

	Number of Shares (In thousands)	Weighted Average Grant Date Fair Value
Outstanding at December 31, 2013	23,879	$ 24.33
Granted	3,467	37.07
Vested and released	(4,193)	23.84
Forfeited	(1,811)	25.10
Outstanding at December 31, 2014	21,342	$ 26.43
Granted	2,213	46.62
Vested and released	(17,163)	25.20
Forfeited	(785)	27.12
Outstanding at December 31, 2015	5,607	$ 38.08
Granted	2,655	41.34
Vested and released	(2,754)	34.83
Forfeited	(321)	40.15
Outstanding at December 31, 2016	5,187	$ 41.48

As of December 31, 2016, there was $116 million of unrecognized compensation cost related to stock-settled RSUs. These costs are expected to be recognized over a weighted average period of one year. The total fair value of stock-settled RSUs vested during the years ended December 31, 2016, 2015 and 2014 was $107 million, $750 million and $154 million, respectively.

As of December 31, 2016, AAG had a nominal amount of CRSUs outstanding. The total cash paid for CRSUs vested during the years ended December 31, 2016, 2015 and 2014 was less than $1 million, $10 million and $12 million, respectively.

(b) Stock Options and Stock Appreciation Rights

AAG assumed US Airways Group's outstanding stock options and stock appreciation rights in connection with the Merger using an exchange ratio of one to one. These stock options and stock appreciation rights were granted with an exercise price equal to the underlying common stock's fair value at the date of each grant, have service conditions, become exercisable over a three-year vesting period and expire if unexercised at the end of their term, which ranges from seven to ten years. Stock options and stock-settled stock appreciation rights (SARs) are classified as equity awards as the exercise results in the issuance of shares of AAG common stock. Cash-settled stock appreciation rights (CSARs) are classified as liability awards as the exercise results in payment of cash by AAG. Compensation costs were expensed on a straight-line basis over the vesting period for the entire award. There are no unrecognized compensation costs as all awards outstanding are vested.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.

Stock option and SAR award activity for all plans for the years ended December 31, 2016, 2015 and 2014 is as follows (stock options and SARs in thousands):

	Stock Options and SARs (In thousands)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (In years)	Aggregate Intrinsic Value (In millions)
Balance at December 31, 2013	11,158	$ 12.84		
Granted	—	—		
Exercised	(4,109)	10.74		
Forfeited	—	—		
Expired	(42)	41.73		
Balance at December 31, 2014	7,007	$ 13.90		
Granted	—	—		
Exercised	(2,985)	12.09		
Forfeited	—	—		
Expired	(9)	45.75		
Balance at December 31, 2015	4,013	$ 15.17		
Granted	—	—		
Exercised	(1,738)	14.49		
Forfeited	—	—		
Expired	(180)	46.19		
Balance at December 31, 2016	2,095	$ 13.08	1.6	$ 70

The total intrinsic value of stock options and SARs exercised during the years ended December 31, 2016, 2015 and 2014 was $49 million, $102 million and $105 million, respectively. All stock options and SARs outstanding at December 31, 2016 are vested and exercisable.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.

CSAR award activity for all plans for the years ended December 31, 2016, 2015 and 2014 is as follows (CSARs in thousands):

	CSARs	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
	(In thousands)		(In years)	(In millions)
Balance at December 31, 2013	2,865	$ 6.26		
Granted	—	—		
Exercised	(1,254)	6.18		
Forfeited	—	—		
Expired	—	—		
Balance at December 31, 2014	1,611	$ 6.33		
Granted	—	—		
Exercised	(760)	6.31		
Forfeited	—	—		
Expired	—	—		
Balance at December 31, 2015	851	$ 6.35		
Granted	—	—		
Exercised	(501)	5.24		
Forfeited	—	—		
Expired	—	—		
Balance at December 31, 2016	350	$ 7.94	1.0	$ 14

As of December 31, 2016, the weighted average fair value of outstanding CSARs was $38.57 per share and the related liability was $13 million. These CSARs are fully vested and exercisable and will continue to be remeasured at fair value at each reporting date until all awards are settled. Total cash paid for CSARs exercised during the years ended December 31, 2016, 2015 and 2014 was $18 million, $31 million and $42 million, respectively.

13. Valuation and Qualifying Accounts (in millions)

	Balance at Beginning of Year	Changes Charged to Statement of Operations Accounts	Write-offs (Net of Recoveries)	Sales, Retirements and Transfers	Balance at End of Year
Allowance for obsolescence of inventories					
Year ended December 31, 2016	$ 689	$ 28	$ —	$ 3	$ 720
Year ended December 31, 2015	638	42	—	9	689
Year ended December 31, 2014	504	135	(2)	1	638
Allowance for uncollectible accounts					
Year ended December 31, 2016	$ 37	$ 47	$ (49)	$ —	$ 35
Year ended December 31, 2015	14	45	(22)	—	37
Year ended December 31, 2014	40	3	(29)	—	14

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.

14. Quarterly Financial Data (Unaudited)

Unaudited summarized financial data by quarter for 2016 and 2015 (in millions):

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2016				
Operating revenues	$ 9,427	$ 10,360	$ 10,591	$ 9,786
Operating expenses	8,104	8,603	9,159	8,995
Operating income	1,323	1,757	1,432	791
Net income	710	972	758	341
2015				
Operating revenues	$ 9,811	$ 10,814	$ 10,694	$ 9,619
Operating expenses	8,610	8,893	8,691	8,555
Operating income	1,201	1,921	2,003	1,064
Net income	937	1,709	1,723	3,751

American's fourth quarter 2016 results include $273 million of total net special charges consisting principally of $121 million of Merger integration expenses, $104 million of fleet restructuring expenses and a $47 million net charge consisting of mark-to-market adjustments for bankruptcy obligations.

American's fourth quarter 2015 results include $2.5 billion of total net special credits consisting principally of a $3.5 billion non-cash tax benefit recorded in connection with the reversal of American's tax valuation allowance, offset in part by a nonoperating net special charge of $592 million to write off all of the value of Venezuelan bolivars held by American due to continued lack of repatriations and deterioration of economic conditions in Venezuela and $447 million in total operating special charges primarily consisting of Merger integration expenses and fleet restructuring expenses.

15. Transactions with Related Parties

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

	December 31,	
	2016	2015
AAG [1]	$ 8,981	$ 4,489
AAG's wholly-owned subsidiaries [2]	(2,171)	(2,508)
Total	$ 6,810	$ 1,981

[1] The increase in American's net related party receivable from AAG is primarily due to American providing the cash funding for AAG's share repurchase and dividend programs.

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

Pursuant to a capacity purchase agreement between American and AAG's wholly-owned regional airlines operating as American Eagle, American purchases all of the capacity from these carriers and recognizes passenger revenue from flights operated by American Eagle. In 2016, 2015 and 2014, American recognized expense of approximately $1.5 billion, $1.2 billion and $1.2 billion, respectively, related to wholly-owned regional airline capacity purchase agreements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.

16. Subsequent Events

2017-1 EETCs

In January 2017, American created three pass-through trusts which issued approximately $983 million aggregate principal amount of Series 2017-1 Class AA, Class A and Class B EETCs (the 2017-1 EETCs) in connection with the financing of 24 aircraft scheduled to be delivered to American between January 2017 and May 2017 (the 2017-1 Aircraft). A portion of the proceeds received from the sale of the 2017-1 EETCs has been used to acquire Series AA, A and B equipment notes issued by American to the pass-through trusts and the balance of such proceeds is being held in escrow for the benefit of the holders of the 2017-1 EETCs until such time as American issues additional Series AA, A and B equipment notes to the pass-through trusts, which will purchase the equipment notes with escrowed funds. These escrowed funds are not guaranteed by American and are not reported as debt on its consolidated balance sheet because the proceeds held by the depository are not American's assets.

Series AA equipment notes bear interest at 3.65% per annum, Series A equipment notes bear interest at 4.00% per annum and Series B equipment notes bear interest at 4.95% per annum. Interest and principal payments on the equipment notes will be payable semi-annually in February and August of each year, with interest payments beginning in August 2017 and principal payments beginning in February 2018. The final payments on the Series AA and Series A equipment notes are due in February 2029 and the final payment on the Series B equipment notes is due in February 2025. The equipment notes are secured by liens on the 2017-1 Aircraft.

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

None.

ITEM 9A. CONTROLSAND PROCEDURES

Management's Evaluation of Disclosure Controls and Procedures

The term "disclosure controls and procedures" is defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act. This term refers to the controls and procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the SEC. An evaluation of the effectiveness of AAG's and American's disclosure controls and procedures as of December 31, 2016 was performed under the supervision and with the participation of AAG's and American's management, including AAG's and American's Chief Executive Officer (CEO) and Chief Financial Officer (CFO). Based on that evaluation, AAG's and American's management, including AAG's and American's CEO and CFO, concluded that AAG's and American's disclosure controls and procedures were effective as of December 31, 2016.

Changes in Internal Control over Financial Reporting

On December 9, 2013, AAG acquired US Airways Group and its subsidiaries. We are still in the process of integrating certain processes, technology and operations for the post-Merger combined company, and we will continue to evaluate the impact of any related changes to our internal control over financial reporting. For the year ended December 31, 2016, there has been no change in AAG's or American's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, AAG's and American's internal control over financial reporting.

Limitation on the Effectiveness of Controls

We believe that a controls system, no matter how well designed and operated, cannot provide absolute assurance that the objectives of the controls system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected. Our disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives, and the CEO and CFO of AAG and American believe that our disclosure controls and procedures were effective at the "reasonable assurance" level as of December 31, 2016.

Management's Annual Report on Internal Control over Financial Reporting

Management of AAG and American is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. AAG's and American's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. AAG's and American's internal control over financial reporting includes policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of AAG or American, respectively;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures of AAG or American are being made only in accordance with authorizations of management and directors of AAG or American, respectively; and

- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of AAG's or American's assets that could have a material effect on the financial statements.

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

Management assessed the effectiveness of AAG's and American's internal control over financial reporting as of December 31, 2016. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in its Internal Control – Integrated Framework (2013 Framework).

Based on our assessment and those criteria, AAG's and American's management concludes that AAG and American, respectively, maintained effective internal control over financial reporting as of December 31, 2016.

AAG's and American's independent registered public accounting firm has issued an attestation report on the effectiveness of AAG's and American's internal control over financial reporting. That report has been included herein.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
American Airlines Group Inc.:

We have audited American Airlines Group Inc.'s (the Company) internal control over financial reporting as of December 31, 2016, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

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

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

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

In our opinion, American Airlines Group Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2016, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of the Company as of December 31, 2016 and 2015, and the related consolidated statements of operations, comprehensive income, cash flows, and stockholders' equity (deficit) for each of the years in the three-year period ended December 31, 2016, and our report dated February 22, 2017 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP

Dallas, Texas
February 22, 2017

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholder
American Airlines, Inc.:

We have audited American Airlines, Inc.'s (American) internal control over financial reporting as of December 31, 2016, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). American's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on American's internal control over financial reporting based on our audit.

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

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

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

In our opinion, American Airlines, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2016, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of American as of December 31, 2016 and 2015, and the related consolidated statements of operations, comprehensive income, cash flows, and stockholder's equity (deficit) for each of the years in the three-year period ended December 31, 2016, and our report dated February 22, 2017 expressed an unqualified opinion on those consolidated financial statements.

/s/ KPMG LLP

Dallas, Texas
February 22, 2017

PART III

ITEM 10. DIRECTORS,EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Except as stated below, the information required by this Item will be set forth in the Proxy Statement under the captions “Proposal 1 – Election of Directors,” “Executive Officers,” “Section 16(a) Beneficial Ownership Reporting Compliance” and “Information About the Board of Directors and Corporate Governance” and is incorporated by reference into this Annual Report on Form 10-K.

American Airlines Group and American have adopted Standards of Business Conduct (the Ethics Standards) within the meaning of Item 406(b) of Regulation S-K. The Ethics Standards apply to all officers and employees of American Airlines Group Inc. and its subsidiaries, including American. The Ethics Standards are available on our website at *www.aa.com*. If we make substantive amendments to the Ethics Standards or grant any waiver, including any implicit waiver, to our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, we will disclose the nature of such amendment or waiver on our website or in a Current Report on Form 8-K in accordance with applicable rules and regulations.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item will be set forth in the Proxy Statement under the captions “Risk Assessment with Respect to Compensation Practices,” “Director Compensation,” “Compensation Discussion and Analysis,” “Executive Compensation” and “Compensation Committee Report” and is incorporated by reference into this Annual Report on Form 10-K.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Except as stated below, the information required by this Item will be set forth in the Proxy Statement under the captions “Security Ownership of Certain Beneficial Owners and Management” and “Equity Compensation Plan Information” and is incorporated by reference into this Annual Report on Form 10-K.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this Item will be set forth in the Proxy Statement under the captions “Certain Relationships and Related Party Transactions” and “Information About the Board of Directors and Corporate Governance” and is incorporated by reference into this Annual Report on Form 10-K.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this Item will be set forth in the Proxy Statement under the caption “Proposal 2 – Ratification of Appointment of Independent Registered Public Accounting Firm” and is incorporated by reference into this Annual Report on Form 10-K.

PART IV

ITEM 15. EXHIBITSAND FINANCIAL STATEMENT SCHEDULES

Consolidated Financial Statements

The following consolidated financial statements of American Airlines Group Inc. and Independent Auditors' Report are filed as part of this report:

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The following consolidated financial statements of American Airlines, Inc. and Independent Auditors' Report are filed as part of this report:

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Schedules not included have been omitted because they are not applicable or because the required information is included in the Consolidated Financial Statements or notes thereto.

Exhibits

The exhibits listed in the Exhibit Index following the signature pages to this report are filed as part of, or incorporated by reference into, this report.

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

ITEM 16. FORM10-K SUMMARY

None

SIGNATURES

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

American Airlines Group Inc.

Date: February 22, 2017

By: /s/ W. Douglas Parker
W. Douglas Parker
Chairman and Chief Executive Officer
(Principal Executive Officer)

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

American Airlines, Inc.

Date: February 22, 2017

By: /s/ W. Douglas Parker
W. Douglas Parker
Chairman and Chief Executive Officer
(Principal Executive Officer)

KNOW ALL PERSONS BY THESE PRESENTS, that each individual whose signature appears below constitutes and appoints W. Douglas Parker and Derek J. Kerr and each or any of them, his or her true and lawful attorneys and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments to the Registrants' Annual Report on Form 10-K for the fiscal year ended December 31, 2016, and to file the same with all exhibits thereto, and all other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys and agents, and each or any of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys and agents, and each of them, or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

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

Date: February 22, 2017	/s/ W. Douglas Parker W. Douglas Parker Chairman and Chief Executive Officer (Principal Executive Officer)
Date: February 22, 2017	/s/ Derek J. Kerr Derek J. Kerr Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)
Date: February 22, 2017	/s/ James F. Albaugh James F. Albaugh, Director
Date: February 22, 2017	/s/ Jeffrey D. Benjamin Jeffrey D. Benjamin, Director
Date: February 22, 2017	/s/ John T. Cahill John T. Cahill, Director
Date: February 22, 2017	/s/ Michael J. Embler Michael J. Embler, Director
Date: February 22, 2017	/s/ Matthew J. Hart Matthew J. Hart, Director
Date: February 22, 2017	/s/ Alberto Ibargüen Alberto Ibargüen, Director
Date: February 22, 2017	/s/ Richard C. Kraemer Richard C. Kraemer, Director

Date: February 22, 2017 — /s/ Susan D. Kronick
Susan D. Kronick, Director

Date: February 22, 2017 — /s/ Martin H. Nesbitt
Martin H. Nesbitt, Director

Date: February 22, 2017 — /s/ Denise M. O'Leary
Denise M. O'Leary, Director

Date: February 22, 2017 — /s/ Ray M. Robinson
Ray M. Robinson, Director

Date: February 22, 2017 — /s/ Richard P. Schifter
Richard P. Schifter, Director

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

Date: February 22, 2017 — /s/ W. Douglas Parker
W. Douglas Parker
Chairman and Chief Executive Officer
(Principal Executive Officer)

Date: February 22, 2017 — /s/ Derek J. Kerr
Derek J. Kerr
Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

Date: February 22, 2017 — /s/ Stephen L. Johnson
Stephen L. Johnson, Director

Date: February 22, 2017 — /s/ Robert D. Isom
Robert D. Isom, Director

EXHIBIT INDEX

Exhibit Number	Description
2.1	Confirmation Order and Plan (incorporated by reference to Exhibit 2.1 to AMR's Current Report on Form 8-K filed on October 23, 2013 (Commission File No. 1-8400)).
2.2	Agreement and Plan of Merger, dated as of February 13, 2013, among AMR Corporation, AMR Merger Sub, Inc. and US Airways Group, Inc. (incorporated by reference to Exhibit 2.1 to US Airways Group's Current Report on Form 8-K/A filed on February 14, 2013 (Commission File No. 1-8444)).#
2.3	Amendment to Agreement and Plan of Merger, dated as of May 15, 2013, among AMR Corporation, AMR Merger Sub, Inc. and US Airways Group, Inc. (incorporated by reference to Exhibit 2.1 to US Airways Group's Current Report on Form 8-K filed on May 16, 2013 (Commission File No. 1-8444)).
2.4	Second Amendment to Agreement and Plan of Merger, dated as of June 7, 2013, among AMR Corporation, AMR Merger Sub, Inc. and US Airways Group, Inc. (incorporated by reference to Exhibit 2.1 to US Airways Group's Current Report on Form 8-K filed on June 12, 2013 (Commission File No. 1-8444)).
2.5	Third Amendment to Agreement and Plan of Merger, dated as of September 20, 2013, among AMR Corporation, AMR Merger Sub, Inc. and US Airways Group, Inc. (incorporated by reference to Exhibit 2.1 to US Airways Group's Current Report on Form 8-K filed on September 23, 2013 (Commission File No. 1-8444)).
2.6	Agreement and Plan of Merger, dated as of December 28, 2015, between American Airlines, Inc. and US Airways, Inc. (incorporated by reference to Exhibit 2.1 to AAG's Current Report on Form 8-K filed on December 31, 2015 (Commission File No. 1-8400)).
3.1	Restated Certificate of Incorporation of American Airlines Group Inc., including the Certificate of Designations, Powers, Preferences and Rights of the American Airlines Group Inc. Series A Convertible Preferred Stock attached as Annex I thereto (incorporated by reference to Exhibit 3.1 to AAG's Current Report on Form 8-K filed on December 9, 2013 (Commission File No. 1-8400)).
3.2	Second Amended and Restated Bylaws of American Airlines Group Inc. (incorporated by reference to Exhibit 3.1 to AAG's Current Report on Form 8-K filed on January 30, 2017 (Commission File No. 001-08400)).
3.3	Amended and Restated Certificate of Incorporation of American Airlines, Inc. (incorporated by reference to Exhibit 3.3 to AAG's Annual Report on Form 10-K for the year ended December 31, 2013 (Commission File No. 1-8400)).
3.4	Amended and Restated Bylaws of American Airlines, Inc. (incorporated by reference to Exhibit 3.4 to AAG's Annual Report on Form 10-K for the year ended December 31, 2013 (Commission File No. 1-8400)).
4.1	Pass Through Trust Agreement, dated as of March 12, 2013, between American Airlines, Inc. and Wilmington Trust Company (incorporated by reference to Exhibit 4.1 to AMR's Current Report on Form 8-K filed on March 12, 2013 (Commission File No. 1-8400)).
4.2	Trust Supplement No. 2013-2B, dated as of November 27, 2013, among American Airlines, Inc. and Wilmington Trust Company, as Class B Trustee, to the Pass Through Trust Agreement, dated as of March 12, 2013 (incorporated by reference to Exhibit 4.2 to AMR's Current Report on Form 8-K filed on November 27, 2013 (Commission File No. 1-8400)).

Exhibit Number	Description
4.3	Form of Pass Through Trust Certificate, Series 2013-2B (included in Exhibit A to Exhibit 4.2) (incorporated by reference to Exhibit 4.3 to AMR's Current Report on Form 8-K filed on November 27, 2013 (Commission File No. 1-8400)).
4.4	Revolving Credit Agreement (2013-2B), dated as of November 27, 2013, between Wilmington Trust Company, as Subordination Agent, as agent and trustee for Trustee of American Airlines Pass Through Trust 2013-2B and as Borrower, and Morgan Stanley Bank, N.A., as Class B Liquidity Provider (incorporated by reference to Exhibit 4.5 to AMR's Current Report on Form 8-K filed on November 27, 2013 (Commission File No. 1-8400)).
4.5	Participation Agreement (N907AN), dated as of September 9, 2013, among American Airlines, Inc., Wilmington Trust Company, as Pass Through Trustee under each of the Pass Through Trust Agreements in effect as of the date thereof, Wilmington Trust Company, as Subordination Agent, Wilmington Trust Company, as Loan Trustee, and Wilmington Trust Company, in its individual capacity as set forth therein (incorporated by reference to Exhibit 4.6 to AMR's Current Report on Form 8-K filed on November 27, 2013 (Commission File No. 1-8400)).
4.6	Indenture and Security Agreement (N907AN), dated as of September 9, 2013, between American Airlines, Inc. and Wilmington Trust Company, as Loan Trustee (incorporated by reference to Exhibit 4.7 to AMR's Current Report on Form 8-K filed on November 27, 2013 (Commission File No. 1-8400)).
4.7	First Amendment to Participation Agreement (N907AN), dated as of November 27, 2013, among American Airlines, Inc., Wilmington Trust Company, as Pass Through Trustee under each of the Pass Through Trust Agreements, Wilmington Trust Company, as Subordination Agent, Wilmington Trust Company, as Loan Trustee, and Wilmington Trust Company, in its individual capacity as set forth therein (incorporated by reference to Exhibit 4.8 to AMR's Current Report on Form 8-K filed on November 27, 2013 (Commission File No. 1-8400)).
4.8	First Amendment to Indenture and Security Agreement (N907AN), dated as of November 27, 2013, between American Airlines, Inc. and Wilmington Trust Company, as Loan Trustee (incorporated by reference to Exhibit 4.9 to AMR's Current Report on Form 8-K filed on November 27, 2013 (Commission File No. 1-8400)).
4.9	Series 2013-2A N907AN Equipment Note No. 1, dated as of September 9, 2013 (incorporated by reference to Exhibit 4.10 to AMR's Current Report on Form 8-K filed on November 27, 2013 (Commission File No. 1-8400)).
4.10	Series 2013-2B N907AN Equipment Note No. 1, dated as of November 27, 2013 (incorporated by reference to Exhibit 4.11 to AMR's Current Report on Form 8-K filed on November 27, 2013 (Commission File No. 1-8400)).
4.11	Registration Rights Agreement, dated as of November 27, 2013, among American Airlines, Inc., Wilmington Trust Company, as Trustee under Trust Supplement No. 2013-2B, dated as of November 27, 2013, and Morgan Stanley & Co. LLC, Credit Suisse Securities (USA) LLC, Deutsche Bank Securities Inc., Goldman, Sachs & Co., Citigroup Global Markets Inc. and J.P. Morgan Securities LLC, in their capacity as representatives of the Initial Purchasers (incorporated by reference to Exhibit 4.12 to AMR's Current Report on Form 8-K filed on November 27, 2013 (Commission File No. 1-8400)).

Exhibit Number	Description
4.12	Schedule I (Pursuant to Instruction 2 to Item 6.01 of Regulation S-K, this Schedule I contains a list of documents applicable to the financing of the Aircraft in connection with the offering of the Class B Certificates, which documents are substantially identical to those filed herewith as Exhibits 4.12, 4.13, 4.15, 4.16, 4.18 and 4.19. Schedule I sets forth the details by which such documents differ from the corresponding Exhibits) (incorporated by reference to Exhibit 99.2 to AMR's Current Report on Form 8-K filed on November 27, 2013 (Commission File No. 1-8400)).
4.13	Trust Supplement No. 2013-2C, dated as of December 20, 2013, among American Airlines, Inc. and Wilmington Trust Company, as Class C Trustee, to the Pass Through Trust Agreement, dated as of March 12, 2013 (incorporated by reference to Exhibit 4.2 to AMR's Current Report on Form 8-K filed on December 20, 2013 (Commission File No. 1-8400)).
4.14	Form of Pass Through Trust Certificate, Series 2013-2C (included in Exhibit A to Exhibit 4.14) (incorporated by reference to Exhibit 4.3 to AMR's Current Report on Form 8-K filed on December 20, 2013 (Commission File No. 1-8400)).
4.15	Amended and Restated Intercreditor Agreement (2013-2), dated as of December 20, 2013, among Wilmington Trust Company, as Trustee of American Airlines Pass Through Trust 2013-2A, American Airlines Pass Through Trust 2013-2B and American Airlines Pass Through Trust 2013-2C, Morgan Stanley Bank, N.A., as Class A Liquidity Provider and as Class B Liquidity Provider, and Wilmington Trust Company, as Subordination Agent (incorporated by reference to Exhibit 4.4 to AMR's Current Report on Form 8-K filed on December 20, 2013 (Commission File No. 1-8400)).
4.16	Second Amendment to Participation Agreement (N907AN), dated as of December 20, 2013, among American Airlines, Inc., Wilmington Trust Company, as Pass Through Trustee under each of the Pass Through Trust Agreements, Wilmington Trust Company, as Subordination Agent, Wilmington Trust Company, as Loan Trustee, and Wilmington Trust Company, in its individual capacity as set forth therein (incorporated by reference to Exhibit 4.9 to AMR's Current Report on Form 8-K filed on December 20, 2013 (Commission File No. 1-8400)).
4.17	Second Amendment to Indenture and Security Agreement (N907AN), dated as of December 20, 2013, between American Airlines, Inc. and Wilmington Trust Company, as Loan Trustee (incorporated by reference to Exhibit 4.10 to AMR's Current Report on Form 8-K filed on December 20, 2013 (Commission File No. 1-8400)).
4.18	Series 2013-2C N907AN Equipment Note No. 1, dated as of December 20, 2013 (incorporated by reference to Exhibit 4.11 to AMR's Current Report on Form 8-K filed on December 20, 2013 (Commission File No. 1-8400)).
4.19	Registration Rights Agreement, dated as of December 20, 2013, among American Airlines, Inc., Wilmington Trust Company, as Trustee under Trust Supplement No. 2013-2C, dated as of December 20, 2013, and Morgan Stanley & Co. LLC, Credit Suisse Securities (USA) LLC, Deutsche Bank Securities Inc., Goldman, Sachs & Co., Citigroup Global Markets Inc. and J.P. Morgan Securities LLC, in their capacity as representatives of the Initial Purchasers (incorporated by reference to Exhibit 4.12 to AMR's Current Report on Form 8-K filed on December 20, 2013 (Commission File No. 1-8400)).

Exhibit Number	Description
4.20	Schedule I (Pursuant to Instruction 2 to Item 6.01 of Regulation S-K, this Schedule I contains a list of documents applicable to the financing of the Aircraft in connection with the offering of the Class C Certificates, which documents are substantially identical to those filed herewith as Exhibits 4.14, 4.17 and 4.20. Schedule I sets forth the details by which such documents differ from the corresponding Exhibits) (incorporated by reference to Exhibit 99.2 to AMR's Current Report on Form 8-K filed on December 20, 2013 (Commission File No. 1-8400)).
4.21	Indenture, dated as of May 24, 2013, between US Airways Group, Inc. and Wilmington Trust, National Association, as Trustee (incorporated by reference to Exhibit 4.1 to US Airways Group's Current Report on Form 8-K filed on May 24, 2013 (Commission File No. 1-8444)).
4.22	First Supplemental Indenture, dated as of May 24, 2013, among US Airways Group, Inc., US Airways, Inc. and Wilmington Trust, National Association, as Trustee (incorporated by reference to Exhibit 4.2 to US Airways Group's Current Report on Form 8-K filed on May 24, 2013 (Commission File No. 1-8444)).
4.23	Second Supplemental Indenture dated as of December 9, 2013, among US Airways Group, Inc., AMR Corporation Airlines Group Inc. and Wilmington Trust, National Association, as trustee, to the Indenture, dated as of May 24, 2013 (incorporated by reference to Exhibit 4.1 to AAG's Current Report on Form 8-K filed on December 9, 2013 (Commission File No. 1-8000)).
4.24	Third Supplemental Indenture, dated as of December 30, 2015, among American Airlines Group Inc., American Airlines, Inc. and Wilmington Trust, National Association, as trustee, to the Indenture dated as of May 24, 2013 (incorporated by reference to Exhibit 4.1 to AAG's Current Report on Form 8-K filed on December 31, 2015 (Commission File No. 1-8400)).
4.25	Pass Through Trust Agreement, dated as of September 16, 2014, between American Airlines, Inc. and Wilmington Trust Company, as Trustee (incorporated by reference to Exhibit 4.1 to American's Current Report on Form 8-K filed on September 17, 2014 (Commission File No. 1-2691)).
4.26	Trust Supplement No. 2014-1A, dated as of September 16, 2014, between American Airlines, Inc. and Wilmington Trust Company, as Trustee, to the Pass Through Trust Agreement, dated as of September 16, 2014 (incorporated by reference to Exhibit 4.2 to American's Current Report on Form 8-K filed on September 17, 2014 (Commission File No. 1-2691)).
4.27	Trust Supplement No. 2014-1B, dated as of September 16, 2014, between American Airlines, Inc. and Wilmington Trust Company, as Trustee, to the Pass Through Trust Agreement, dated as of September 16, 2014 (incorporated by reference to Exhibit 4.3 to American's Current Report on Form 8-K filed on September 17, 2014 (Commission File No. 1-2691)).

Exhibit Number	Description
4.28	Intercreditor Agreement (2014-1), dated as of September 16, 2014, among Wilmington Trust Company, as Trustee of the American Airlines Pass Through Trust 2014-1A and as Trustee of the American Airlines Pass Through Trust 2014-1B, Crédit Agricole Corporate and Investment Bank, acting through its New York Branch, as Class A Liquidity Provider and Class B Liquidity Provider, and Wilmington Trust Company, as Subordination Agent (incorporated by reference to Exhibit 4.4 to American's Current Report on Form 8-K filed on September 17, 2014 (Commission File No. 1-2691)).
4.29	Amendment No. 1 to Intercreditor Agreement (2014-1), dated as of June 24, 2015, among American Airlines, Inc., Credit Agricole Corporate and Investment Bank, as Class A and Class B liquidity provider and Wilmington Trust Company, as subordination agent and trustee (incorporated by reference to Exhibit 10.6 to AAG's Quarterly Report on Form 10-Q for the quarter ended June 30, 2015 (Commission File No. 1-8400)).
4.30	Note Purchase Agreement, dated as of September 16, 2014, among American Airlines, Inc., Wilmington Trust Company, as Pass Through Trustee under each of the Pass Through Trust Agreements, Wilmington Trust Company, as Subordination Agent, Wilmington Trust, National Association, as Escrow Agent, and Wilmington Trust Company, as Paying Agent (incorporated by reference to Exhibit 4.9 to American's Current Report on Form 8-K filed on September 17, 2014 (Commission File No. 1-2691)).
4.31	Form of Participation Agreement (Participation Agreement among American Airlines, Inc., Wilmington Trust Company, as Pass Through Trustee under each of the Pass Through Trust Agreements, Wilmington Trust Company, as Subordination Agent, Wilmington Trust Company, as Loan Trustee, and Wilmington Trust Company, in its individual capacity as set forth therein) (Exhibit B to Note Purchase Agreement) (incorporated by reference to Exhibit 4.10 to American's Current Report on Form 8-K filed on September 17, 2014 (Commission File No. 1-2691)).
4.32	Form of Indenture and Security Agreement (Indenture and Security Agreement between American Airlines, Inc., and Wilmington Trust Company, as Loan Trustee) (Exhibit C to Note Purchase Agreement) (incorporated by reference to Exhibit 4.11 to American's Current Report on Form 8-K filed on September 17, 2014 (Commission File No. 1-2691)).
4.33	Revolving Credit Agreement (2014-1A), dated as of September 16, 2014, between Wilmington Trust Company, as Subordination Agent, as agent and trustee for the trustee of the American Airlines Pass Through Trust 2014-1A, as Borrower, and Crédit Agricole Corporate and Investment Bank, acting through its New York Branch, as Liquidity Provider (incorporated by reference to Exhibit 4.14 to American's Current Report on Form 8-K filed on September 17, 2014 (Commission File No. 1-2691)).
4.34	Revolving Credit Agreement (2014-1B), dated as of September 16, 2014, between Wilmington Trust Company, as Subordination Agent, as agent and trustee for the trustee of the American Airlines Pass Through Trust 2014-1B, as Borrower, and Crédit Agricole Corporate and Investment Bank, acting through its New York Branch, as Liquidity Provider (incorporated by reference to Exhibit 4.15 to American's Current Report on Form 8-K filed on September 17, 2014 (Commission File No. 1-2691)).
4.35	Indenture, dated as of September 25, 2014, among American Airlines Group Inc., the Guarantors (as defined therein) and Wilmington Trust, National Association, as trustee (incorporated by reference to Exhibit 4.1 to AAG's Current Report on Form 8-K filed on September 26, 2014 (Commission File No. 1-8400)).

Exhibit Number	Description
4.36	First Supplemental Indenture, dated as of December 30, 2015, among American Airlines Group Inc., American Airlines, Inc. and Wilmington Trust, National Association, as trustee, to the Indenture dated as of September 25, 2014 (incorporated by reference to Exhibit 4.2 to AAG's Current Report on Form 8-K filed on December 31, 2015 (Commission File No. 1-8400)).
4.37	Indenture, dated as of March 5, 2015, among American Airlines Group Inc., the Guarantors (as defined therein) and Wilmington Trust, National Association, as trustee (incorporated by reference to Exhibit 4.1 to AAG's Current Report on Form 8-K filed on March 12, 2015 (Commission File No. 1-8400)).
4.38	Form of 6.125% Senior Notes due 2018 (incorporated by reference to Exhibit 4.3 to US Airways Group's Current Report on Form 8-K filed on May 24, 2013 (Commission File No. 1-8444)).
4.39	Form of 5.50% Senior Notes due 2019 (incorporated by reference to Exhibit 4.2 to AAG's Current Report on Form 8-K filed on September 26, 2014 (Commission File No. 1-8400)).
4.40	Form of 4.625% Senior Notes due 2020 (incorporated by reference to Exhibit 4.2 to AAG's Current Report on Form 8-K filed on March 12, 2015 (Commission File No. 1-8400)).
4.41	First Supplemental Indenture, dated as of December 30, 2015, among American Airlines Group Inc., American Airlines, Inc. and Wilmington Trust, National Association, as trustee, to the Indenture dated as of March 5, 2015 (incorporated by reference to Exhibit 4.3 to AAG's Current Report on Form 8-K filed on December 31, 2015 (Commission File No. 1-8400)).
4.42	Trust Supplement No. 2015-1A, dated as of March 16, 2015, between American Airlines, Inc. and Wilmington Trust Company, as Trustee, to the Pass Through Trust Agreement, dated as of September 16, 2014 (incorporated by reference to Exhibit 4.2 to American's Current Report on Form 8-K filed on March 16, 2015 (Commission File No. 1-2691)).
4.43	Trust Supplement No. 2015-1B, dated as of March 16, 2015, between American Airlines, Inc. and Wilmington Trust Company, as Trustee, to the Pass Through Trust Agreement, dated as of September 16, 2014 (incorporated by reference to Exhibit 4.3 to American's Current Report on Form 8-K filed on March 16, 2015 (Commission File No. 1-2691)).
4.44	Intercreditor Agreement (2015-1), dated as of March 16, 2015, among Wilmington Trust Company, as Trustee of the American Airlines Pass Through Trust 2015-1A and as Trustee of the American Airlines Pass Through Trust 2015-1B, Crédit Agricole Corporate and Investment Bank, acting through its New York Branch, as Class A Liquidity Provider and Class B Liquidity Provider, and Wilmington Trust Company, as Subordination Agent (incorporated by reference to Exhibit 4.4 to American's Current Report on Form 8-K filed on March 16, 2015 (Commission File No. 1-2691)).
4.45	Note Purchase Agreement, dated as of March 16, 2015, among American Airlines, Inc., Wilmington Trust Company, as Pass Through Trustee under each of the Pass Through Trust Agreements, Wilmington Trust Company, as Subordination Agent, Wilmington Trust, National Association, as Escrow Agent, and Wilmington Trust Company, as Paying Agent (incorporated by reference to Exhibit 4.9 to American's Current Report on Form 8-K filed on March 16, 2015 (Commission File No. 1-2691)).

Exhibit Number	Description
4.46	Form of Participation Agreement (Participation Agreement among American Airlines, Inc., Wilmington Trust Company, as Pass Through Trustee under each of the Pass Through Trust Agreements, Wilmington Trust Company, as Subordination Agent, Wilmington Trust Company, as Loan Trustee, and Wilmington Trust Company, in its individual capacity as set forth therein) (incorporated by reference to Exhibit 4.10 to American's Current Report on Form 8-K filed on March 16, 2015 (Commission File No. 1-2691)).
4.47	Form of Indenture and Security Agreement (Indenture and Security Agreement between American Airlines, Inc., and Wilmington Trust Company, as Loan Trustee) (incorporated by reference to Exhibit 4.11 to American's Current Report on Form 8-K filed on March 16, 2015 (Commission File No. 1-2691)).
4.48	Form of Pass Through Trust Certificate, Series 2015-1A (incorporated by reference to Exhibit 4.12 to American's Current Report on Form 8-K filed on March 16, 2015 (Commission File No. 1-2691)).
4.49	Form of Pass Through Trust Certificate, Series 2015-1B (incorporated by reference to Exhibit 4.13 to American's Current Report on Form 8-K filed on March 16, 2015 (Commission File No. 1-2691)).
4.50	Revolving Credit Agreement (2015-1A), dated as of March 16, 2015, between Wilmington Trust Company, as Subordination Agent, as agent and trustee for the trustee of the American Airlines Pass Through Trust 2015-1A, as Borrower, and Crédit Agricole Corporate and Investment Bank, acting through its New York Branch, as Liquidity Provider (incorporated by reference to Exhibit 4.14 to American's Current Report on Form 8-K filed on March 16, 2015 (Commission File No. 1-2691)).
4.51	Revolving Credit Agreement (2015-1B), dated as of March 16, 2015, between Wilmington Trust Company, as Subordination Agent, as agent and trustee for the trustee of the American Airlines Pass Through Trust 2015-1B, as Borrower, and Crédit Agricole Corporate and Investment Bank, acting through its New York Branch, as Liquidity Provider (incorporated by reference to Exhibit 4.15 to American's Current Report on Form 8-K filed on March 16, 2015 (Commission File No. 1-2691)).
4.52	Trust Supplement No. 2015-2AA, dated as of September 24, 2015, between American Airlines, Inc. and Wilmington Trust Company, as Trustee, to the Pass Through Trust Agreement, dated as of September 16, 2014 (incorporated by reference to Exhibit 4.2 to American's Current Report on Form 8-K filed on September 24, 2015 (Commission File No. 1-2691)).
4.53	Trust Supplement No. 2015-2A, dated as of September 24, 2015, between American Airlines, Inc. and Wilmington Trust Company, as Trustee, to the Pass Through Trust Agreement, dated as of September 16, 2014 (incorporated by reference to Exhibit 4.3 to American's Current Report on Form 8-K filed on September 24, 2015 (Commission File No. 1-2691)).
4.54	Trust Supplement No. 2015-2B, dated as of September 24, 2015, between American Airlines, Inc. and Wilmington Trust Company, as Trustee, to the Pass Through Trust Agreement, dated as of September 16, 2014 (incorporated by reference to Exhibit 4.4 to American's Current Report on Form 8-K filed on September 24, 2015 (Commission File No. 1-2691)).

Exhibit Number	Description
4.55	Intercreditor Agreement (2015-2), dated as of September 24, 2015, among Wilmington Trust Company, as Trustee of the American Airlines Pass Through Trust 2015-2AA, as Trustee of the American Airlines Pass Through Trust 2015-2A and as Trustee of the American Airlines Pass Through Trust 2015-2B, Commonwealth Bank of Australia, New York Branch, as Class AA Liquidity Provider, Crédit Agricole Corporate and Investment Bank, acting through its New York Branch, as Class A Liquidity Provider and Class B Liquidity Provider, and Wilmington Trust Company, as Subordination Agent (incorporated by reference to Exhibit 4.5 to American's Current Report on Form 8-K filed on September 24, 2015 (Commission File No. 1-2691)).
4.56	Note Purchase Agreement, dated as of September 24, 2015, among American Airlines, Inc., Wilmington Trust Company, as Pass Through Trustee under each of the Pass Through Trust Agreements and Wilmington Trust Company, as Subordination Agent (incorporated by reference to Exhibit 4.6 to American's Current Report on Form 8-K filed on September 24, 2015 (Commission File No. 1-2691)).
4.57	Form of Participation Agreement (Participation Agreement among American Airlines, Inc., Wilmington Trust Company, as Pass Through Trustee under each of the Pass Through Trust Agreements, Wilmington Trust Company, as Subordination Agent, Wilmington Trust Company, as Loan Trustee, and Wilmington Trust Company, in its individual capacity as set forth therein) (incorporated by reference to Exhibit 4.7 to American's Current Report on Form 8-K filed on September 24, 2015 (Commission File No. 1-2691)).
4.58	Form of Indenture and Security Agreement (Indenture and Security Agreement between American Airlines, Inc., and Wilmington Trust Company, as Loan Trustee) (incorporated by reference to Exhibit 4.8 to American's Current Report on Form 8-K filed on September 24, 2015 (Commission File No. 1-2691)).
4.59	Form of Pass Through Trust Certificate, Series 2015-2AA (incorporated by reference to Exhibit 4.9 to American's Current Report on Form 8-K filed on September 24, 2015 (Commission File No. 1-2691)).
4.60	Form of Pass Through Trust Certificate, Series 2015-2A (incorporated by reference to Exhibit 4.10 to American's Current Report on Form 8-K filed on September 24, 2015 (Commission File No. 1-2691)).
4.61	Form of Pass Through Trust Certificate, Series 2015-2B (incorporated by reference to Exhibit 4.11 to American's Current Report on Form 8-K filed on September 24, 2015 (Commission File No. 1-2691)).
4.62	Revolving Credit Agreement (2015-2AA), dated as of September 24, 2015, between Wilmington Trust Company, as Subordination Agent, as agent and trustee for the trustee of the American Airlines Pass Through Trust 2015-2AA, as Borrower, and Commonwealth Bank of Australia, New York Branch, as Liquidity Provider (incorporated by reference to Exhibit 4.12 to American's Current Report on Form 8-K filed on September 24, 2015 (Commission File No. 1-2691)).
4.63	Revolving Credit Agreement (2015-2A), dated as of September 24, 2015, between Wilmington Trust Company, as Subordination Agent, as agent and trustee for the trustee of the American Airlines Pass Through Trust 2015-2A, as Borrower, and Crédit Agricole Corporate and Investment Bank, acting through its New York Branch, as Liquidity Provider (incorporated by reference to Exhibit 4.13 to American's Current Report on Form 8-K filed on September 24, 2015 (Commission File No. 1-2691)).

Exhibit Number	Description
4.64	Revolving Credit Agreement (2015-2B), dated as of September 24, 2015, between Wilmington Trust Company, as Subordination Agent, as agent and trustee for the trustee of the American Airlines Pass Through Trust 2015-2B, as Borrower, and Crédit Agricole Corporate and Investment Bank, acting through its New York Branch, as Liquidity Provider (incorporated by reference to Exhibit 4.14 to American's Current Report on Form 8-K filed on September 24, 2015 (Commission File No. 1-2691)).
4.65	Note Purchase Agreement, dated as of April 24, 2013, among US Airways, Inc., Wilmington Trust Company, as Pass Through Trustee, Wilmington Trust Company, as Subordination Agent, Wilmington Trust, National Association, as Escrow Agent, and Wilmington Trust Company, as Paying Agent (incorporated by reference to Exhibit 4.12 to US Airways Group's Current Report on Form 8-K filed on April 25, 2013 (Commission File No. 1-8444)).
4.66	Assumption Agreement, dated as of December 30, 2015, by American Airlines, Inc. for the benefit of Wilmington Trust Company, as pass through trustee, subordination agent, and paying agent, and Wilmington Trust, National Association, as escrow agent, in each case, under the Note Purchase Agreement, dated as of April 24, 2013, among US Airways, Inc., Wilmington Trust Company, Wilmington Trust, National Association and Wilmington Trust Company (incorporated by reference to Exhibit 10.2 to AAG's Current Report on Form 8-K filed on December 31, 2015 (Commission File No. 1-8400)).
4.67	Form of Participation Agreement between US Airways, Inc., as Owner, and Wilmington Trust Company, as Indenture Trustee, Subordination Agent and Pass Through Trustee (incorporated by reference to Exhibit 4.13 to US Airways Group's Current Report on Form 8-K filed on April 25, 2013 (Commission File No. 1-8444)).
4.68	Form of Trust Indenture and Security Agreement among US Airways, Inc., as Owner, Wilmington Trust, National Association, as Securities Intermediary, and Wilmington Trust Company, as Indenture Trustee (incorporated by reference to Exhibit 4.14 to US Airways Group's Current Report on Form 8-K filed on April 25, 2013 (Commission File No. 1-8444)).
4.69	Form of Amendment No. 1 to Participation Agreement between US Airways, Inc., as Owner, and Wilmington Trust Company, as Indenture Trustee, Subordination Agent and Pass Through Trustee (Exhibit A to Note Purchase Agreement) (incorporated by reference to Exhibit 4.8 to US Airways Group's Current Report on Form 8-K filed on June 6, 2013 (Commission File No. 1-8444)).
4.70	Form of Amendment No. 1 to Trust Indenture and Security Agreement among US Airways, Inc., as Owner, Wilmington Trust, National Association, as Securities Intermediary, and Wilmington Trust Company, as Indenture Trustee (Exhibit B to Note Purchase Agreement) (incorporated by reference to Exhibit 4.9 to US Airways Group's Current Report on Form 8-K filed on June 6, 2013 (Commission File No. 1-8444)).
4.71	Amended and Restated Guarantee, dated as of March 31, 2014, from US Airways Group, Inc. and American Airlines Group Inc., relating to obligations of US Airways under the equipment notes relating to its Series 2013-1 Pass Through Certificates (incorporated by reference to Exhibit 10.5 to AAG's Quarterly Report on Form 10-Q for the quarter ended March 31, 2014 (Commission File No. 1-8400)).

Exhibit Number	Description
4.72	Form of Participation Agreement between US Airways, Inc., as Owner, and Wilmington Trust Company, as Indenture Trustee, Subordination Agent and Pass Through Trustee (Schedule I to Amendment No. 1 to Note Purchase Agreement (2012-2)) (incorporated by reference to Exhibit 4.10 to US Airways Group's Current Report on Form 8-K filed on June 6, 2013 (Commission File No. 1-8444)).
4.73	Form of Trust Indenture and Security Agreement among US Airways, Inc., as Owner, Wilmington Trust, National Association, as Securities Intermediary, and Wilmington Trust Company, as Indenture Trustee (Schedule II to Amendment No. 1 to Note Purchase Agreement (2012-2)) (incorporated by reference to Exhibit 4.11 to US Airways Group's Current Report on Form 8-K filed on June 6, 2013 (Commission File No. 1-8444)).
4.74	Form of Participation Agreement (Participation Agreement between US Airways, Inc., as Owner, and Wilmington Trust Company, as Indenture Trustee and Subordination Agent) (incorporated by reference to Exhibit 4.14 to US Airways Group's Current Report on Form 8-K filed on December 23, 2010 (Commission File No. 1-8444)).
4.75	Form of Indenture (Trust Indenture and Security Agreement between US Airways, Inc., as Owner, and Wilmington Trust Company, as Indenture Trustee) (incorporated by reference to Exhibit 4.15 to US Airways Group's Current Report on Form 8-K filed on December 23, 2010 (Commission File No. 1-8444)).
4.76	Amended and Restated Guarantee, dated as of March 31, 2014, from US Airways Group, Inc. and American Airlines Group Inc., relating to obligations of US Airways under the equipment notes relating to its Series 2010-1 Pass Through Certificates (incorporated by reference to Exhibit 10.1 to AAG's Quarterly Report on Form 10-Q for the quarter ended March 31, 2014 (Commission File No. 1-8400)).
4.77	Form of Participation Agreement (Participation Agreement between US Airways, Inc., as Owner, and Wilmington Trust Company, as Indenture Trustee and Subordination Agent) (incorporated by reference to Exhibit 4.18 to US Airways Group's Current Report on Form 8-K filed on July 1, 2011 (Commission File No. 1-08444)).
4.78	Form of Indenture (Trust Indenture and Security Agreement between US Airways, Inc., as Owner, and Wilmington Trust Company, as Indenture Trustee) (incorporated by reference to Exhibit 4.19 to US Airways Group's Current Report on Form 8-K filed on July 1, 2011 (Commission File No. 1-08444)).
4.79	Guarantee, dated as of June 28, 2011, from US Airways Group, Inc. (incorporated by reference to Exhibit 4.23 to US Airways Group's Current Report on Form 8-K filed on July 1, 2011 (Commission File No. 1-08444)).
4.80	Amended and Restated Guarantee, dated as of March 31, 2014, from US Airways Group, Inc. and American Airlines Group Inc., relating to obligations of US Airways under the equipment notes relating to its Series 2011-1 Pass Through Certificates (incorporated by reference to Exhibit 10.2 to AAG's Quarterly Report on Form 10-Q for the quarter ended March 31, 2014 (Commission File No. 1-8400)).
4.81	Form of Participation Agreement (Participation Agreement between US Airways, Inc., as Owner, and Wilmington Trust Company, as Indenture Trustee and Subordination Agent) (incorporated by reference to Exhibit 4.18 to US Airways Group's Current Report on Form 8-K filed on May 16, 2012 (Commission File No. 1-08444)).

Exhibit Number	Description
4.82	Form of Indenture (Trust Indenture and Security Agreement between US Airways, Inc., as Owner, and Wilmington Trust Company, as Indenture Trustee) (incorporated by reference to Exhibit 4.19 to US Airways Group's Current Report on Form 8-K filed on May 16, 2012 (Commission File No. 1-08444)).
4.83	Amended and Restated Guarantee, dated as of March 31, 2014, from US Airways Group, Inc. and American Airlines Group Inc., relating to obligations of US Airways under the equipment notes relating to its Series 2012-1 Pass Through Certificates (incorporated by reference to Exhibit 10.3 to AAG's Quarterly Report on Form 10-Q for the quarter ended March 31, 2014 (Commission File No. 1-8400)).
4.84	Form of Participation Agreement (Participation Agreement between US Airways, Inc., as Owner, and Wilmington Trust Company, as Indenture Trustee and Subordination Agent) (incorporated by reference to Exhibit B to Exhibit 4.12 to US Airways Group's Current Report on Form 8-K filed on December 13, 2012 (Commission File No. 1-08444)).
4.85	Form of Indenture (Trust Indenture and Security Agreement between US Airways, Inc., as Owner, and Wilmington Trust Company, as Indenture Trustee) (incorporated by reference to Exhibit C to Exhibit 4.12 to US Airways Group's Current Report on Form 8-K filed on December 13, 2012 (Commission File No. 1-08444)).
4.86	Amended and Restated Guarantee, dated as of March 31, 2014, from US Airways Group, Inc. and American Airlines Group Inc., relating to obligations of US Airways under the equipment notes relating to its Series 2012-2 Pass Through Certificates (incorporated by reference to Exhibit 10.4 to AAG's Quarterly Report on Form 10-Q for the quarter ended March 31, 2014 (Commission File No. 1-8400)).
4.87	Form of Assumption Agreement, dated as of December 30, 2015, by American Airlines, Inc. for the benefit of Wilmington Trust Company, as Indenture Trustee, to (i) each Participation Agreement between, among others, US Airways, Inc. and Wilmington Trust Company, as Indenture Trustee, entered into pursuant to the 2010-1, 2011-1, 2012-1, 2012-2 and 2013-1 EETC note purchase agreements and (ii) each Trust Indenture and Security Agreement, between, among others, US Airways, Inc., and Wilmington Trust Company, as Indenture Trustee entered into pursuant to the 2010-1, 2011-1, 2012-1, 2012-2 and 2013-1 EETC note purchase agreements (incorporated by reference to Exhibit 10.3 to AAG's Current Report on Form 8-K filed on December 31, 2015 (Commission File No. 1-8400)).
4.88	Trust Supplement No. 2016-1AA, dated as of January 19, 2016, between American Airlines, Inc. and Wilmington Trust Company, as Trustee, to the Pass Through Trust Agreement, dated as of September 16, 2014 (incorporated by reference to Exhibit 4.2 to American's Current Report on Form 8-K filed on January 21, 2016 (Commission File No. 1-2691)).
4.89	Trust Supplement No. 2016-1A, dated as of January 19, 2016, between American Airlines, Inc. and Wilmington Trust Company, as Trustee, to the Pass Through Trust Agreement, dated as of September 16, 2014 (incorporated by reference to Exhibit 4.3 to American's Current Report on Form 8-K filed on January 21, 2016 (Commission File No. 1-2691)).
4.90	Trust Supplement No. 2016-1B, dated as of January 19, 2016, between American Airlines, Inc. and Wilmington Trust Company, as Trustee, to the Pass Through Trust Agreement, dated as of September 16, 2014 (incorporated by reference to Exhibit 4.4 to American's Current Report on Form 8-K filed on January 21, 2016 (Commission File No. 1-2691)).

Exhibit Number	Description
4.91	Intercreditor Agreement (2016-1), dated as of January 19, 2016, among Wilmington Trust Company, as Trustee of the American Airlines Pass Through Trust 2016-1AA, as Trustee of the American Airlines Pass Through Trust 2016-1A and as Trustee of the American Airlines Pass Through Trust 2016-1B, KfW IPEX-Bank GmbH, as Class AA Liquidity Provider, Class A Liquidity Provider and Class B Liquidity Provider, and Wilmington Trust Company, as Subordination Agent (incorporated by reference to exhibit 4.5 to American's Current Report on Form 8-K filed on January 21, 2016 (Commission File No. 1-2691)).
4.92	Note Purchase Agreement, dated as of January 19, 2016, among American Airlines, Inc., Wilmington Trust Company, as Pass Through Trustee under each of the Pass Through Trust Agreements, and Wilmington Trust Company, as Subordination Agent (incorporated by reference to Exhibit 4.6 to American's Current Report on Form 8-K filed on January 21, 2016 (Commission File No. 1-2691)).
4.93	Form of Participation Agreement (Participation Agreement among American Airlines, Inc., Wilmington Trust Company, as Pass Through Trustee under each of the Pass Through Trust Agreements, Wilmington Trust Company, as Subordination Agent, Wilmington Trust Company, as Loan Trustee, and Wilmington Trust Company, in its individual capacity as set forth therein) (incorporated by reference to Exhibit 4.7 to American's Current Report on Form 8-K filed on January 21, 2016 (Commission File No. 1-2691)).
4.94	Form of Indenture and Security Agreement (Indenture and Security Agreement between American Airlines, Inc., and Wilmington Trust Company, as Loan Trustee) (incorporated by reference to Exhibit 4.8 to American's Current Report on Form 8-K filed on January 21, 2016 (Commission File No. 1-2691)).
4.95	Form of Pass Through Trust Certificate, Series 2016-1AA (incorporated by reference to Exhibit 4.9 to American's Current Report on Form 8-K filed on January 21, 2016 (Commission File No. 1-2691)).
4.96	Form of Pass Through Trust Certificate, Series 2016-1A (incorporated by reference to Exhibit 4.10 to American's Current Report on Form 8-K filed on January 21, 2016 (Commission File No. 1-2691)).
4.97	Form of Pass Through Trust Certificate, Series 2016-1B (incorporated by reference to Exhibit 4.11 to American's Current Report on Form 8-K filed on January 21, 2016 (Commission File No. 1-2691)).
4.98	Revolving Credit Agreement (2016-1AA), dated as of January 19, 2016, between Wilmington Trust Company, as Subordination Agent, as agent and trustee for the trustee of the American Airlines Pass Through Trust 2016-1AA, as Borrower, and KfW IPEX-Bank GmbH, as Liquidity Provider (incorporated by reference to Exhibit 4.12 to American's Current Report on Form 8-K filed on January 21, 2016 (Commission File No. 1-2691)).
4.99	Revolving Credit Agreement (2016-1A), dated as of January 19, 2016, between Wilmington Trust Company, as Subordination Agent, as agent and trustee for the trustee of the American Airlines Pass Through Trust 2016-1A, as Borrower, and KfW IPEX-Bank GmbH, as Liquidity Provider (incorporated by reference to Exhibit 4.13 to American's Current Report on Form 8-K filed on January 21, 2016 (Commission File No. 1-2691)).

Exhibit Number	Description
4.100	Revolving Credit Agreement (2016-1B), dated as of January 19, 2016, between Wilmington Trust Company, as Subordination Agent, as agent and trustee for the trustee of the American Airlines Pass Through Trust 2016-1B, as Borrower, and KfW IPEX-Bank GmbH, as Liquidity Provider (incorporated by reference to Exhibit 4.14 to American's Current Report on Form 8-K filed on January 21, 2016 (Commission File No. 1-2691)).
4.101	Trust Supplement No. 2016-2AA, dated as of May 16, 2016, between American Airlines, Inc. and Wilmington Trust Company, as Trustee, to the Pass Through Trust Agreement, dated as of September 16, 2014 (incorporated by reference to Exhibit 4.2 to American's Current Report on Form 8-K filed on May 17, 2016 (Commission File No. 1-2691)).
4.102	Trust Supplement No. 2016-2A, dated as of May 16, 2016, between American Airlines, Inc. and Wilmington Trust Company, as Trustee, to the Pass Through Trust Agreement, dated as of September 16, 2014 (incorporated by reference to Exhibit 4.3 to American's Current Report on Form 8-K filed on May 17, 2016 (Commission File No. 1-2691)).
4.103	Intercreditor Agreement (2016-2), dated as of May 16, 2016, among Wilmington Trust Company, as Trustee of the American Airlines Pass Through Trust 2016-2AA and as Trustee of the American Airlines Pass Through Trust 2016-2A, KfW IPEX-Bank GmbH, as Class AA Liquidity Provider and Class A Liquidity Provider, and Wilmington Trust Company, as Subordination Agent (incorporated by reference to Exhibit 4.4 to American's Current Report on Form 8-K filed on May 17, 2016 (Commission File No. 1-2691)).
4.104	Deposit Agreement (Class AA), dated as of May 16, 2016, between Wilmington Trust, National Association, as Escrow Agent, and Citibank, N.A., as Depositary (incorporated by reference to Exhibit 4.5 to American's Current Report on Form 8-K filed on May 17, 2016 (Commission File No. 1-2691)).
4.105	Deposit Agreement (Class A), dated as of May 16, 2016, between Wilmington Trust, National Association, as Escrow Agent, and Citibank, N.A., as Depositary (incorporated by reference to Exhibit 4.6 to American's Current Report on Form 8-K filed on May 17, 2016 (Commission File No. 1-2691)).
4.106	Escrow and Paying Agent Agreement (Class AA), dated as of May 16, 2016, among Wilmington Trust, National Association, as Escrow Agent, Credit Suisse Securities (USA) LLC and Deutsche Bank Securities Inc., for themselves and on behalf of the several Underwriters, Wilmington Trust Company, not in its individual capacity, but solely as Pass Through Trustee for and on behalf of American Airlines Pass Through Trust 2016-2AA, and Wilmington Trust Company, as Paying Agent (incorporated by reference to Exhibit 4.7 to American's Current Report on Form 8-K filed on May 17, 2016 (Commission File No. 1-2691)).
4.107	Escrow and Paying Agent Agreement (Class A), dated as of May 16, 2016, among Wilmington Trust, National Association, as Escrow Agent, Credit Suisse Securities (USA) LLC and Deutsche Bank Securities Inc., for themselves and on behalf of the several Underwriters, Wilmington Trust Company, not in its individual capacity, but solely as Pass Through Trustee for and on behalf of American Airlines Pass Through Trust 2016-2A, and Wilmington Trust Company, as Paying Agent (incorporated by reference to Exhibit 4.8 to American's Current Report on Form 8-K filed on May 17, 2016 (Commission File No. 1-2691)).

Exhibit Number	Description
4.108	Note Purchase Agreement, dated as of May 16, 2016, among American Airlines, Inc., Wilmington Trust Company, as Pass Through Trustee under each of the Pass Through Trust Agreements, Wilmington Trust Company, as Subordination Agent, Wilmington Trust, National Association, as Escrow Agent, and Wilmington Trust Company, as Paying Agent (incorporated by reference to Exhibit 4.9 to American's Current Report on Form 8-K filed on May 17, 2016 (Commission File No. 1-2691)).
4.109	Form of Participation Agreement (Participation Agreement among American Airlines, Inc., Wilmington Trust Company, as Pass Through Trustee under each of the Pass Through Trust Agreements, Wilmington Trust Company, as Subordination Agent, Wilmington Trust Company, as Loan Trustee, and Wilmington Trust Company, in its individual capacity as set forth therein) (included in Exhibit B to Exhibit 4.9 to AAG's Quarterly Report on Form 10-Q for the quarter ended June 30, 2016 (Commission File No. 1-8400)).
4.110	Form of Indenture and Security Agreement (Indenture and Security Agreement between American Airlines, Inc., and Wilmington Trust Company, as Loan Trustee) (included in Exhibit C to Exhibit 4.9 to AAG's Quarterly Report on Form 10-Q for the quarter ended June 30, 2016 (Commission File No. 1-8400)).
4.111	Form of Pass Through Trust Certificate, Series 2016-2AA (included in Exhibit A to Exhibit 4.2 to AAG Quarterly Report on Form 10-Q for the quarter ended June 30, 2016 (Commission File No. 1-8400)).
4.112	Form of Pass Through Trust Certificate, Series 2016-2A (included in Exhibit A to Exhibit 4.3 to AAG's Quarterly Report on Form 10-Q for the quarter ended June 30, 2016 (Commission File No. 1-8400)).
4.113	Revolving Credit Agreement (2016-2AA), dated as of May 16, 2016, between Wilmington Trust Company, as Subordination Agent, as agent and trustee for the trustee of the American Airlines Pass Through Trust 2016-2AA, as Borrower, and KfW IPEX-Bank GmbH, as Liquidity Provider (incorporated by reference to Exhibit 4.14 to American's Current Report on Form 8-K filed on May 17, 2016 (Commission File No. 1-2691)).
4.114	Revolving Credit Agreement (2016-2A), dated as of May 16, 2016, between Wilmington Trust Company, as Subordination Agent, as agent and trustee for the trustee of the American Airlines Pass Through Trust 2016-2A, as Borrower, and KfW IPEX-Bank GmbH, as Liquidity Provider (incorporated by reference to Exhibit 4.15 to American's Current Report on Form 8-K filed on May 17, 2016 (Commission File No. 1-2691)).
4.115	Trust Supplement No. 2016-2B, dated as of July 8, 2016, between American Airlines, Inc. and Wilmington Trust Company, as Trustee, to the Pass Through Trust Agreement, dated as of September 16, 2014 (incorporated by reference to Exhibit 4.2 to American's Current Report on Form 8-K filed on July 12, 2016 (Commission File No. 1-2691)).
4.116	Amended and Restated Intercreditor Agreement (2016-2), dated as of July 8, 2016, among Wilmington Trust Company, as Trustee of the American Airlines Pass Through Trust 2016-2AA, as Trustee of the American Airlines Pass Through Trust 2016-2A and as Trustee of the American Airlines Pass Through Trust 2016-2B, KfW IPEX-Bank GmbH, as Class AA Liquidity Provider, Class A Liquidity Provider and Class B Liquidity Provider, and Wilmington Trust Company, as Subordination Agent (incorporated by reference to Exhibit 4.3 to American's Current Report on Form 8-K filed on July 12, 2016 (Commission File No. 1-2691)).

Exhibit Number	Description
4.117	Deposit Agreement (Class B), dated as of July 8, 2016, between Wilmington Trust, National Association, as Escrow Agent, and Citibank, N.A., as Depositary (incorporated by reference to Exhibit 4.4 to American's Current Report on Form 8-K filed on July 12, 2016 (Commission File No. 1-2691)).
4.118	Escrow and Paying Agent Agreement (Class B), dated as of July 8, 2016, among Wilmington Trust, National Association, as Escrow Agent, Citigroup Global Markets Inc., as the initial purchaser, Wilmington Trust Company, not in its individual capacity, but solely as Pass Through Trustee for and on behalf of American Airlines Pass Through Trust 2016-2B, and Wilmington Trust Company, as Paying Agent (incorporated by reference to Exhibit 4.5 to American's Current Report on Form 8-K filed on July 12, 2016 (Commission File No. 1-2691)).
4.119	Amended and Restated Note Purchase Agreement, dated as of July 8, 2016, among American Airlines, Inc., Wilmington Trust Company, as Pass Through Trustee under each of the Pass Through Trust Agreements, Wilmington Trust Company, as Subordination Agent, Wilmington Trust, National Association, as Escrow Agent, and Wilmington Trust Company, as Paying Agent (incorporated by reference to Exhibit 4.6 to American's Current Report on Form 8-K filed on July 12, 2016 (Commission File No. 1-2691)).
4.120	Form of Participation Agreement (Participation Agreement among American Airlines, Inc., Wilmington Trust Company, as Pass Through Trustee under each of the Pass Through Trust Agreements, Wilmington Trust Company, as Subordination Agent, Wilmington Trust Company, as Loan Trustee, and Wilmington Trust Company, in its individual capacity as set forth therein) (included in Exhibit B to Exhibit 4.6 to AAG's Quarterly Report on Form 10-Q for the quarter ended September 30, 2016 (Commission File No. 1-8400)).
4.121	Form of First Amendment to Participation Agreement (First Amendment to Participation Agreement among American Airlines, Inc., Wilmington Trust Company, as Pass Through Trustee under each of the Pass Through Trust Agreements, Wilmington Trust Company, as Subordination Agent, Wilmington Trust Company, as Loan Trustee, and Wilmington Trust Company, in its individual capacity as set forth therein) (included in Exhibit D to Exhibit 4.6 to AAG's Quarterly Report on Form 10-Q for the quarter ended September 30, 2016 (Commission File No. 1-8400)).
4.122	Form of Indenture and Security Agreement (Indenture and Security Agreement between American Airlines, Inc., and Wilmington Trust Company, as Loan Trustee) (included in Exhibit C to Exhibit 4.6 to AAG's Quarterly Report on Form 10-Q for the quarter ended September 30, 2016 (Commission File No. 1-8400)).
4.123	Form of First Amendment to Indenture and Security Agreement (First Amendment to Indenture and Security Agreement between American Airlines, Inc., and Wilmington Trust Company, as Loan Trustee) (included in Exhibit E to Exhibit 4.6 to AAG's Quarterly Report on Form 10-Q for the quarter ended September 30, 2016 (Commission File No. 1-8400)).
4.124	Form of Pass Through Trust Certificate, Series 2016-2B (included in Exhibit A to Exhibit 4.2 to AAG's Quarterly Report on Form 10-Q for the quarter ended September 30, 2016 (Commission File Nos. 1-8400)).

Exhibit Number	Description
4.125	Revolving Credit Agreement (2016-2B), dated as of July 8, 2016, between Wilmington Trust Company, as Subordination Agent, as agent and trustee for the trustee of the American Airlines Pass Through Trust 2016-2B, as Borrower, and KfW IPEX Bank GmbH, as liquidity Provider (incorporated by reference to Exhibit 4.12 to American's Current Report on Form 8-K filed on July 12, 2016 (Commission File No. 1-2691)).
4.126	Trust Supplement No. 2016-3AA, dated as of October 3, 2016, between American Airlines, Inc. and Wilmington Trust Company, as Trustee, to the Pass Through Trust Agreement, dated as of September 16, 2014 (incorporated by reference to Exhibit 4.2 to American's Current Report on Form 8-K filed on October 4, 2016 (Commission File No. 1-2691)).
4.127	Trust Supplement No. 2016-3A, dated as of October 3, 2016, between American Airlines, Inc. and Wilmington Trust Company, as Trustee, to the Pass Through Trust Agreement, dated as of September 16, 2014 (incorporated by reference to Exhibit 4.3 to American's Current Report on Form 8-K filed on October 4, 2016 (Commission File No. 1-2691)).
4.128	Intercreditor Agreement (2016-3), dated as of October 3, 2016, among Wilmington Trust Company, as Trustee of the American Airlines Pass Through Trust 2016-3AA and as Trustee of the American Airlines Pass Through Trust 2016-3A, KfW IPEX-Bank GmbH, as Class AA Liquidity Provider and Class A Liquidity Provider, and Wilmington Trust Company, as Subordination Agent (incorporated by reference to Exhibit 4.4 to American's Current Report on Form 8-K filed on October 4, 2016 (Commission File No. 1-2691)).
4.129	Deposit Agreement (Class AA), dated as of October 3, 2016, between Wilmington Trust, National Association, as Escrow Agent, and Citibank, N.A., as Depositary (incorporated by reference to Exhibit 4.5 to American's Current Report on Form 8-K filed on October 4, 2016 (Commission File No. 1-2691)).
4.130	Deposit Agreement (Class A), dated as of October 3, 2016, between Wilmington Trust, National Association, as Escrow Agent, and Citibank, N.A., as Depositary (incorporated by reference to Exhibit 4.6 to American's Current Report on Form 8-K filed on October 4, 2016 (Commission File No. 1-2691)).
4.131	Escrow and Paying Agent Agreement (Class AA), dated as of October 3, 2016, among Wilmington Trust, National Association, as Escrow Agent, Morgan Stanley & Co. LLC and Goldman, Sachs & Co., for themselves and on behalf of the several Underwriters, Wilmington Trust Company, not in its individual capacity, but solely as Pass Through Trustee for and on behalf of American Airlines Pass Through Trust 2016-3AA, and Wilmington Trust Company, as Paying Agent (incorporated by reference to Exhibit 4.7 to American's Current Report on Form 8-K filed on October 4, 2016 (Commission File No. 1-2691)).
4.132	Escrow and Paying Agent Agreement (Class A), dated as of October 3, 2016, among Wilmington Trust, National Association, as Escrow Agent, Morgan Stanley & Co. LLC and Goldman, Sachs & Co., for themselves and on behalf of the several Underwriters, Wilmington Trust Company, not in its individual capacity, but solely as Pass Through Trustee for and on behalf of American Airlines Pass Through Trust 2016-3A, and Wilmington Trust Company, as Paying Agent (incorporated by reference to Exhibit 4.8 to American's Current Report on Form 8-K filed on October 4, 2016 (Commission File No. 1-2691)).

Exhibit Number	Description
4.133	Note Purchase Agreement, dated as of October 3, 2016, among American Airlines, Inc., Wilmington Trust Company, as Pass Through Trustee under each of the Pass Through Trust Agreements, Wilmington Trust Company, as Subordination Agent, Wilmington Trust, National Association, as Escrow Agent, and Wilmington Trust Company, as Paying Agent (incorporated by reference to Exhibit 4.9 to American's Current Report on Form 8-K filed on October 4, 2016 (Commission File No. 1-2691)).
4.134	Form of Participation Agreement (Participation Agreement among American Airlines, Inc., Wilmington Trust Company, as Pass Through Trustee under each of the Pass Through Trust Agreements, Wilmington Trust Company, as Subordination Agent, Wilmington Trust Company, as Loan Trustee, and Wilmington Trust Company, in its individual capacity as set forth therein) (included in Exhibit B to Exhibit 4.9) (incorporated by reference to Exhibit 4.9 to American's Current Report on Form 8-K filed on October 4, 2016 (Commission File No. 1-2691)).
4.135	Form of Indenture and Security Agreement (Indenture and Security Agreement between American Airlines, Inc., and Wilmington Trust Company, as Loan Trustee) (included in Exhibit C to Exhibit 4.9) (incorporated by reference to Exhibit 4.11 to American's Current Report on Form 8-K filed on October 4, 2016 (Commission File No. 1-2691)).
4.136	Form of Pass Through Trust Certificate, Series 2016-3AA (included in Exhibit A to Exhibit 4.2) (incorporated by reference to Exhibit 4.12 to American's Current Report on Form 8-K filed on October 4, 2016 (Commission File No. 1-2691)).
4.137	Form of Pass Through Trust Certificate, Series 2016-3A (included in Exhibit A to Exhibit 4.3) (incorporated by reference to Exhibit 4.13 to American's Current Report on Form 8-K filed on October 4, 2016 (Commission File No. 1-2691)).
4.138	Revolving Credit Agreement (2016-3AA), dated as of October 3, 2016, between Wilmington Trust Company, as Subordination Agent, as agent and trustee for the trustee of the American Airlines Pass Through Trust 2016-3AA, as Borrower, and KfW IPEX-Bank GmbH, as Liquidity Provider (incorporated by reference to Exhibit 4.14 to American's Current Report on Form 8-K filed on October 4, 2016 (Commission File No. 1-2691)).
4.139	Revolving Credit Agreement (2016-3A), dated as of October 3, 2016, between Wilmington Trust Company, as Subordination Agent, as agent and trustee for the trustee of the American Airlines Pass Through Trust 2016-3A, as Borrower, and KfW IPEX-Bank GmbH, as Liquidity Provider (incorporated by reference to Exhibit 4.15 to American's Current Report on Form 8-K filed on October 4, 2016 (Commission File No. 1-2691)).
10.1	Amended and Restated Credit and Guaranty Agreement, dated as of December 15, 2016, amending the Loan Agreement, dated as of May 23, 2013, among American Airlines, Inc. (as successor in interest to US Airways, Inc., as borrower), as the borrower, American Airlines Group Inc., as parent and guarantor (as successor in interest to US Airways Group, Inc., as parent and guarantor), the lenders from time to time party thereto, Citibank N.A., as administrative agent and collateral agent (as successor in interest to Citicorp North America Inc., as administrative agent and collateral agent), and certain other parties thereto.

Exhibit Number	Description
10.2	First Amendment and Restatement Agreement, dated as of April 20, 2015, in relation to the Credit and Guaranty Agreement, dated as of October 10, 2014 (as amended), among American Airlines, Inc., American Airlines Group Inc. (formerly known as AMR Corporation), US Airways Group, Inc., US Airways, Inc., the Revolving Lenders (as defined therein) party thereto, the 2015 Term Loan Lenders (as defined therein) party thereto and Citibank N.A., as administrative agent and collateral agent (incorporated by reference to Exhibit 10.4 to AAG's Quarterly Report on Form 10-Q for the quarter ended June 30, 2015 (Commission File No. 1-8400)).
10.3	First Amendment to Amended and Restated Credit and Guaranty Agreement, dated as of October 26, 2015, amending the Amended and Restated Credit and Guaranty Agreement, dated as of April 20, 2015, among American Airlines, Inc., American Airlines Group Inc., US Airways Group, Inc. and US Airways, Inc., the lenders from time to time party thereto, Deutsche Bank AG New York Branch, as administrative agent, and certain other parties thereto (incorporated by reference to Exhibit 10.6 to AAG's Annual Report on Form 10-K for the year ended December 31, 2015 (Commission File No. 1-8400)).
10.4	Second Amendment to Amended and Restated Credit and Guaranty Agreement, dated as of September 22, 2016, amending the Amended and Restated Credit and Guaranty Agreement, dated as of April 20, 2015, among American Airlines, Inc., American Airlines Group Inc., the lenders from time to time party thereto, Citibank N.A., as administrative agent, and certain other parties thereto (incorporated by reference to Exhibit 10.1 to AAG's Quarterly Report on Form 10-Q for the quarter ended September 30, 2016 (Commission File No. 1-8400)).
10.5	First Amendment and Restatement Agreement, dated as of May 21, 2015, in relation to the Credit and Guaranty Agreement, dated as of June 27, 2013 (as amended), among American Airlines, Inc., American Airlines Group Inc. (formerly known as AMR Corporation), US Airways Group, Inc., US Airways, Inc., the Revolving Lenders (as defined therein) party thereto, the 2015 Term Loan Lenders (as defined therein) party thereto and Deutsche Bank AG New York Branch, as administrative agent and collateral agent (incorporated by reference to Exhibit 10.5 to AAG's Quarterly Report on Form 10-Q for the quarter ended June 30, 2015 (Commission File No. 1-8400)).
10.6	First Amendment to Amended and Restated Credit and Guaranty Agreement, dated as of October 26, 2015, amending the Amended and Restated Credit and Guaranty Agreement, dated as of May 21, 2015, among American Airlines, Inc., American Airlines Group Inc., US Airways Group, Inc. and US Airways, Inc., the lenders from time to time party thereto, Citibank N.A., as administrative agent, and certain other parties thereto (incorporated by reference to Exhibit 10.8 to AAG's Annual Report on Form 10-K for the year ended December 31, 2015 (Commission File No. 1-8400)).
10.7	Purchase Agreement No. 3219, dated as of October 15, 2008, between American Airlines, Inc. and The Boeing Company (incorporated by reference to Exhibit 10.29 to American Airlines, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2008 (Commission File No. 1-8400)).*
10.8	Supplemental Agreement No. 2, dated as of July 21, 2010, to Purchase Agreement No. 3219 between American Airlines, Inc. and The Boeing Company (incorporated by reference to Exhibit 10.2 to AMR's report on Form 10-Q/A for the quarter ended June 30, 2010 (Commission File No. 1-8400)).*

Exhibit Number	Description
10.9	Supplemental Agreement No. 3, dated as of February 1, 2013, to Purchase Agreement No. 3219 between American Airlines, Inc., and The Boeing Company (incorporated by reference to Exhibit 10.2 to AMR's Quarterly Report on Form 10-Q/A for the quarter ended March 31, 2013 (Commission File No. 1-8400)).*
10.10	Supplemental Agreement No. 4, dated as of June 9, 2014, to Purchase Agreement No. 3219 between The Boeing Company and American Airlines, Inc. dated as of October 15, 2008, Relating to Boeing Model 787 Aircraft, as amended, restated, amended and restated, supplemented or otherwise modified (incorporated by reference to Exhibit 10.6 to AAG's Quarterly Report on Form 10-Q for the quarter ended June 30, 2014 (Commission File No. 1-8400)).*
10.11	Supplemental Agreement No. 5, dated as of January 20, 2015, to Purchase Agreement No. 3219 between The Boeing Company and American Airlines, Inc., dated as of October 15, 2008, Relating to Boeing Model 787 Aircraft, as amended, restated, amended and restated, supplemented or otherwise modified (incorporated by reference to Exhibit 10.2 to AAG's Quarterly Report on Form 10-Q for the quarter ended March 31, 2015 (Commission File No. 1-8400)).*
10.12	Supplemental Agreement No. 6, dated as of April 21, 2015, to Purchase Agreement No. 3219 between American Airlines, Inc. and The Boeing Company, dated as of October 15, 2008, as amended, restated, amended and restated, supplemented or otherwise modified (incorporated by reference to Exhibit 10.2 to AAG's Quarterly Report on Form 10-Q for the quarter ended June 30, 2015 (Commission File No. 1-8400)).*
10.13	Supplemental Agreement No. 7, dated as of August 8, 2016, to Purchase Agreement No. 3219 dated as of October 15, 2008, between American Airlines, Inc. and The Boeing Company (incorporated by reference to Exhibit 10.3 to AAG's Quarterly Report on Form 10-Q for the quarter ended September 30, 2016 (Commission File No. 1-8400)).*
10.14	A320 Family Aircraft Purchase Agreement, dated as of July 20, 2011, between American Airlines, Inc. and Airbus S.A.S. (incorporated by reference to Exhibit 10.4 to AMR's report on Form 10-Q for the quarter ended September 30, 2011 (Commission File No. 1-8400)).*
10.15	Amendment No. 1, dated as of January 11, 2013, to A320 Family Aircraft Purchase Agreement between American Airlines, Inc. and Airbus S.A.S., dated as of July 20, 2011 (incorporated by reference to Exhibit 10.8 to AMR's Quarterly Report on Form 10-Q for the quarter ended March 31, 2013 (Commission File No. 1-8400)).*
10.16	Amendment No. 2, dated as of May 30, 2013, to A320 Family Aircraft Purchase Agreement between American Airlines, Inc. and Airbus S.A.S, dated as of July 20, 2011 (incorporated by reference to Exhibit 10.2 to AMR's Quarterly Report on Form 10-Q for the quarter ended June 30, 2013 (Commission File No. 1-8400)).*
10.17	Amendment No. 3, dated as of November 20, 2013, to A320 Family Aircraft Purchase Agreement between American Airlines, Inc. and Airbus S.A.S., dated as of July 20, 2011 (incorporated by reference to Exhibit 10.27 to AAG's Annual Report on Form 10-K for the year ended December 31, 2013 (Commission File No. 1-8400)).*
10.18	Amendment No. 4, dated as of June 18, 2014, to the A320 Family Aircraft Purchase Agreement between Airbus S.A.S., as seller, and American Airlines, Inc., as buyer, dated as of July 20, 2011, as amended, restated, amended and restated, supplemented or otherwise modified (incorporated by reference to Exhibit 10.1 to AAG's Quarterly Report on Form 10-Q for the quarter ended June 30, 2014 (Commission File No. 1-8400)).*

Exhibit Number	Description
10.19	Amendment No. 5, dated as of June 24, 2014, to the A320 Family Aircraft Purchase Agreement between Airbus S.A.S., as seller, and American Airlines, Inc., as buyer, dated as of July 20, 2011, as amended, restated, amended and restated, supplemented or otherwise modified (incorporated by reference to Exhibit 10.2 to AAG's Quarterly Report on Form 10-Q for the quarter ended June 30, 2014 (Commission File No. 1-8400)).*
10.20	Amendment No. 6, dated as of July 1, 2014, to the A320 Family Aircraft Purchase Agreement between Airbus S.A.S., as seller, and American Airlines, Inc., as buyer, dated as of July 20, 2011, as amended, restated, amended and restated, supplemented or otherwise modified (incorporated by reference to Exhibit 10.3 to AAG's Quarterly Report on Form 10-Q for the quarter ended June 30, 2014 (Commission File No. 1-8400)).*
10.21	Amendment No. 7, dated as of November 25, 2014, to the A320 Family Aircraft Purchase Agreement between Airbus S.A.S., as seller, and American Airlines, Inc., as buyer, dated as of July 20, 2011, as amended, restated, amended and restated, supplemented or otherwise (incorporated by reference to Exhibit 10.51 to AAG's Annual Report on Form 10-K for the year ended December 31, 2014 (Commission File No. 1-8400)).*
10.22	Amendment No. 8, dated as of June 11, 2015, to the A320 Family Aircraft Purchase Agreement between American Airlines, Inc. and Airbus S.A.S., dated as of July 20, 2011, as amended, restated, amended and restated, supplemented or otherwise modified (incorporated by reference to Exhibit 10.1 to AAG's Quarterly Report on Form 10-Q for the quarter ended June 30, 2015 (Commission File No. 1-8400)).*
10.23	Amendment No. 9, dated as of September 23, 2015, to the A320 Family Aircraft Purchase Agreement, dated as of July 20, 2011, between American Airlines, Inc. and Airbus S.A.S. (incorporated by reference to Exhibit 10.6 to AAG's Quarterly Report on Form 10-Q for the quarter ended September 30, 2015 (Commission File No. 1-8400)).*
10.24	2012 Omnibus Restructure Agreement, dated as of January 11, 2013, between American Airlines, Inc. and The Boeing Company (incorporated by reference to Exhibit 10.1 to AMR's Quarterly Report on Form 10-Q for the quarter ended March 31, 2013 (Commission File No. 1-8400)).*
10.25	2012 Omnibus Restructure Agreement, dated as of January 11, 2013, between American Airlines, Inc. and The Boeing Company (incorporated by reference to Exhibit 10.1 to Amendment No. 1 to AMR's Quarterly Report on Form 10-Q for the quarter ended March 31, 2013 (Commission File No. 1-8400)).*
10.26	Purchase Agreement No. 03735, dated as of February 1, 2013, between American Airlines, Inc., and The Boeing Company (incorporated by reference to Exhibit 10.7 to AMR's Quarterly Report on Form 10-Q for the quarter ended March 31, 2013 (Commission File No. 1-8400)).*
10.27	Supplemental Agreement No. 1, dated as of April 15, 2013, to Purchase Agreement No. 03735 between American Airlines, Inc. and The Boeing Company (incorporated by reference to Exhibit 10.1 to AMR's Quarterly Report on Form 10-Q for the quarter ended June 30, 2013 (Commission File No. 1-8400)).*

Exhibit Number	Description
10.28	Supplemental Agreement No. 2, dated as of March 6, 2015, to Purchase Agreement No. 03735 between American Airlines, Inc. and The Boeing Company, dated as of February 1, 2013. Relating to Boeing Model 737 MAX Aircraft, as amended, restated, amended and restated, supplemented or otherwise modified (incorporated by reference to Exhibit 10.1 to AAG's Quarterly Report on Form 10-Q for the quarter ended March 31, 2015 (Commission File No. 1-8400)).*
10.29	Supplemental Agreement No. 3, dated as of May 22, 2015, to Purchase Agreement No. 03735 between American Airlines, Inc. and The Boeing Company, dated as of February 1, 2013. Relating to Boeing Model 737 MAX Aircraft, as amended, restated, amended and restated, supplemented or otherwise modified (incorporated by reference to Exhibit 10.3 to AAG's Quarterly Report on Form 10-Q for the quarter ended June 30, 2015 (Commission File No. 1-8400)).*
10.30	Letter Agreement, dated as of January 14, 2016, to Purchase Agreement No. 03735 between American Airlines, Inc. and The Boeing Company, dated as of February 1, 2013. Relating to Boeing Model 737 MAX Aircraft, as amended, restated, amended and restated, supplemented or otherwise modified (incorporated by reference to Exhibit 10.2 to AAG's Quarterly Report on Form 10-Q for the quarter ended March 31, 2016 (Commission File No. 1-8400)).*
10.31	Supplemental Agreement No. 4, dated as of June 6, 2016, to Purchase Agreement No. 03735 dated as of February 1, 2016, between American Airlines, Inc. and The Boeing Company (incorporated by reference to Exhibit 10.3 to AAG's Quarterly Report on Form 10-Q for the quarter ended June 30, 2016 (Commission File No. 1-8400)).*
10.32	Supplemental Agreement No. 5, dated as of August 8, 2016, to Purchase Agreement No. 03735 dated as of February 1, 2013, between American Airlines, Inc. and The Boeing Company (incorporated by reference to Exhibit 10.2 to AAG's Quarterly Report on Form 10-Q for the quarter ended September 30, 2016 (Commission File No. 1-8400)).*
10.33	Supplemental Agreement No. 6, dated as of November 15, 2016, to Purchase Agreement No. 03735 dated as of February 1, 2013, between American Airlines, Inc. and The Boeing Company.**
10.34	Purchase Agreement Supplement, dated as of December 2, 2009, between AMR Eagle Holding Corporation and Bombardier Inc. (incorporated by reference to Exhibit 10.150 to AMR's Annual Report on Form 10-K for the year ended December 31, 2009 (Commission File No. 1-8400)).*
10.35	Amended and Restated Airbus A350 XWB Purchase Agreement, dated as of October 2, 2007, among AVSA, S.A.R.L. and US Airways, Inc., AWA and US Airways Group (incorporated by reference to Exhibit 10.19 to US Airways Group's Annual Report on Form 10-K for the year ended December 31, 2007 (Commission File No. 1-8444)).*
10.36	Amendment No. 1, dated as of October 20, 2008, to the Amended and Restated Airbus A350 XWB Purchase Agreement, dated as of October 2, 2007, between US Airways, Inc. and Airbus S.A.S., including Amended and Restated Letter Agreement No. 3, Amended and Restated Letter Agreement No. 5, and Amended and Restated Letter Agreement No. 9 to the Purchase Agreement (incorporated by reference to Exhibit 10.23 to US Airways Group's Annual Report on Form 10-K for the year ended December 31, 2008 (Commission File No. 1-8444)).*

Exhibit Number	Description
10.37	Amendment No. 2, dated as of January 16, 2009, to the Amended and Restated Airbus A350 XWB Purchase Agreement, dated as of October 2, 2007, among AVSA, S.A.R.L. and US Airways, Inc., AWA and US Airways Group (incorporated by reference to Exhibit 10.3 to US Airways Group's Quarterly Report on Form 10-Q for the quarter ended March 31, 2009 (Commission File No. 1-8444)).*
10.38	Amendment No. 3, dated as of July 23, 2009, to the Amended and Restated Airbus A350 XWB Purchase Agreement dated as of October 2, 2007 between Airbus S.A.S. and US Airways, Inc. (incorporated by reference to Exhibit 10.3 to US Airways Group's Quarterly Report on Form 10-Q for the quarter ended September 30, 2009 (Commission File No. 1-8444)).*
10.39	Amendment No. 4, dated as of November 20, 2009, to the Amended and Restated Airbus A350 XWB Purchase Agreement dated as of October 2, 2007 between Airbus S.A.S. and US Airways, Inc. (incorporated by reference to Exhibit 10.96 to US Airways Group's Annual Report on Form 10-K for the year ended December 31, 2009 (Commission File No. 1-8444)).*
10.40	Amendment No. 5, dated as of December 20, 2013, to the Amended and Restated Airbus A350 XWB Purchase Agreement dated as of October 2, 2007 between Airbus S.A.S. and US Airways, Inc., including Amended and Restated Letter Agreement No. 2, Amended and Restated Letter Agreement No. 4, Third Amended and Restated Letter Agreement No. 5, Amended and Restated Letter Agreement No. 6, Amended and Restated Letter Agreement No. 7, Amended and Restated Letter Agreement No. 8-2, Second Amended and Restated Letter Agreement No. 9, Amended and Restated Letter Agreement No. 12, Amended and Restated Letter Agreement No. 13 and Amended and Restated Letter Agreement No. 14 to the Amended and Restated Airbus A350 XWB Purchase Agreement dated as of October 2, 2007 between Airbus S.A.S. and US Airways, Inc. (incorporated by reference to Exhibit 10.43 to US Airways Group's Annual Report on Form 10-K for the year ended December 31, 2013 (Commission File No. 1-8444)).*
10.41	Second Amended and Restated Letter Agreement No. 6, dated as of July 7, 2015 to the Amended and Restated Airbus A350 XWB Purchase Agreement, dated as of October 2, 2007, between US Airways, Inc. and Airbus S.A.S. (incorporated by reference to Exhibit 10.1 to AAG's Quarterly Report on Form 10-Q for the quarter ended September 30, 2015 (Commission File No. 1-8400)).*
10.42	Amendment No. 6, dated as of December 15, 2015, to the Amended and Restated Airbus A350 XWB Purchase Agreement dated as of October 2, 2007 between Airbus S.A.S. and US Airways, Inc. (incorporated by reference to Exhibit 10.97 to AAG's Annual Report on Form 10-K for the year ended December 31, 2015 (Commission File No. 1-8400)).*
10.43	Amendment No. 7, dated as of February 26, 2016, to the Amended and Restated Airbus A350 XWB Purchase Agreement dated as of October 2, 2007 between Airbus S.A.S. and US Airways, Inc. (incorporated by reference to Exhibit 10.1 to AAG's Quarterly Report on Form 10-Q for the quarter ended March 31, 2016 (Commission File No. 1-8400)).*
10.44	Amendment No. 8, dated as of July 18, 2016, to the Amended and Restated Airbus A350 XWB Purchase Agreement, dated as of October 2, 2007, between American Airlines, Inc. and Airbus S.A.S (incorporated by reference to Exhibit 10.4 to AAG's Quarterly Report on Form 10-Q for the quarter ended September 30, 2016 (Commission File No. 1-8400)).*

Exhibit Number	Description
10.45	Consent Agreement, dated as of October 5, 2015, between US Airways, Inc., American Airlines, Inc. and Airbus S.A.S. (incorporated by reference to Exhibit 10.98 to AAG's Annual Report on Form 10-K for the year ended December 31, 2015 (Commission File No. 1-8400)).*
10.46	AMR Corporation Amended and Restated Directors Pension Benefits Plan, effective as of January 1, 2005 (incorporated by reference to Exhibit 10.149 to AMR's Annual Report on Form 10-K for the year ended December 31, 2008 (Commission File No. 1-8400)).†
10.47	Supplemental Executive Retirement Program for Officers of American Airlines, Inc., as amended and restated as of January 1, 2005 (incorporated by reference to Exhibit 10.127 to AMR's Annual Report on Form 10-K for the year ended December 31, 2008 (Commission File No. 1-8400)).†
10.48	Trust Agreement Under Supplemental Retirement Program for Officers of American Airlines, Inc., as amended and restated as of June 1, 2007 (incorporated by reference to Exhibit 10.128 to AMR's Annual Report on Form 10-K for the year ended December 31, 2008 (Commission File No. 1-8400)).†
10.49	Trust Agreement Under Supplemental Executive Retirement Program for Officers of American Airlines, Inc. Participating in the Super Saver Plus Plan, as amended and restated as of June 1, 2007 (incorporated by reference to Exhibit 10.129 to AMR's Annual Report on Form 10-K for the year ended December 31, 2008 (Commission File No. 1-8400)).†
10.50	American Airlines Group Inc. 2013 Incentive Award Plan (incorporated by reference to Exhibit 4.1 of American Airlines Group Inc.'s (f/k/a AMR Corporation) Form S-8 Registration Statement, filed on December 4, 2013).†
10.51	Form of American Airlines Group Inc. 2013 Incentive Award Plan Restricted Stock Unit (Cash-Settled) Award Grant Notice and Award Agreement (incorporated by reference to Exhibit 10.125 to AAG's Annual Report on Form 10-K for the year ended December 31, 2013 (Commission File No. 1-8400)).†
10.52	Form of American Airlines Group Inc. 2013 Incentive Award Plan Restricted Stock Unit (Cash-Settled) Award Grant Notice and Award Agreement for Merger Equity Grants (incorporated by reference to Exhibit 10.126 to AAG's Annual Report on Form 10-K for the year ended December 31, 2013 (Commission File No. 1-8400)).†
10.53	Form of American Airlines Group Inc. 2013 Incentive Award Plan Restricted Stock Unit (Stock-Settled) Award Grant Notice and Award Agreement (incorporated by reference to Exhibit 10.127 to AAG's Annual Report on Form 10-K for the year ended December 31, 2013 (Commission File No. 1-8400)).†
10.54	Form of American Airlines Group Inc. 2013 Incentive Award Plan Restricted Stock Unit (Stock-Settled) Award Grant Notice and Award Agreement for Merger Equity Grants (incorporated by reference to Exhibit 10.128 to AAG's Annual Report on Form 10-K for the year ended December 31, 2013 (Commission File No. 1-8400)).†
10.55	Form of American Airlines Group Inc. 2013 Incentive Award Plan Restricted Stock Unit (Stock-Settled) Award Grant Notice and Award Agreement for Director Grants (incorporated by reference to Exhibit 10.129 to AAG's Annual Report on Form 10-K for the year ended December 31, 2013 (Commission File No. 1-8400)).†

Exhibit Number	Description
10.56	Form of Indemnification Agreement (incorporated by reference to Exhibit 10.9 to AAG's Current Report on Form 8-K filed on December 9, 2013 (Commission File No. 1-8400)).†
10.57	US Airways Group 2005 Equity Incentive Plan (incorporated by reference to Exhibit 10.1 to US Airways Group's Current Report on Form 8-K filed on October 3, 2005 (Commission File No. 1-8444)).†
10.58	Form of Stock Appreciation Rights Award Agreement under US Airways Group's 2005 Equity Incentive Plan (incorporated by reference to Exhibit 10.75 to US Airways Group's Annual Report on Form 10-K for the year ended December 31, 2005 (Commission File No. 1-8444)).†
10.59	Form of Nonstatutory Stock Option Award Agreement under US Airways Group's 2005 Equity Incentive Plan (incorporated by reference to Exhibit 10.5 to US Airways Group's Quarterly Report on Form 10-Q for the quarter ended March 31, 2006 (Commission File No. 1-8444)).†
10.60	US Airways Group, Inc. 2008 Equity Incentive Plan (incorporated by reference to Exhibit 4.1 to US Airways Group's Registration Statement on Form S-8 filed on June 30, 2008 (Registration No. 333-152033)).†
10.61	Form of Stock Appreciation Right Award Agreement under the US Airways Group, Inc. 2008 Equity Incentive Plan (incorporated by reference to Exhibit 10.2 to US Airways Group's Current Report on Form 8-K filed August 7, 2008 (Commission File No. 1-8444)).†
10.62	Form of Stock Appreciation Right (Cash-Settled) Award Agreement under the US Airways Group, Inc. 2008 Equity Incentive Plan (incorporated by reference to Exhibit 10.8 to US Airways Group's Quarterly Report on Form 10-Q for the quarter ended March 31, 2009 (Commission File No. 1-8444)).†
10.63	Form of Stock Appreciation Right (Stock-Settled) Award Agreement under the US Airways Group, Inc. 2008 Equity Incentive Plan (incorporated by reference to Exhibit 10.9 to US Airways Group's Quarterly Report on Form 10-Q for the quarter ended March 31, 2009 (Commission File No. 1-8444)).†
10.64	US Airways Group, Inc. 2011 Incentive Award Plan (incorporated by reference to Exhibit 4.1 to US Airways Group's Registration Statement on Form S-8 filed on July 1, 2011 (Registration No. 333-175323)).†
10.65	Form of Stock Appreciation Right (Cash-Settled) Award Grant Notice and Stock Appreciation Right (Cash-Settled) Award Agreement under the US Airways Group, Inc. 2011 Incentive Award Plan (incorporated by reference to Exhibit 4.3 to US Airways Group's Registration Statement on Form S-8 filed on July 1, 2011 (Registration No. 333-175323)).†
10.66	Form of Stock Appreciation Right (Stock-Settled) Award Grant Notice and Stock Appreciation Right Award Agreement under the US Airways Group, Inc. 2011 Incentive Award Plan (incorporated by reference to Exhibit 4.4 to US Airways Group's Registration Statement on Form S-8 filed on July 1, 2011 (Registration No. 333-175323)).†
10.67	2014 Short-Term Incentive Program Under 2013 Incentive Award Plan (incorporated by reference to Exhibit 10.8 to AAG's Quarterly Report on Form 10-Q for the quarter ended June 30, 2014 (Commission File No. 1-8400)).†

Exhibit Number	Description
10.68	Form of Executive Change in Control Agreement for Presidents (incorporated by reference to Exhibit 10.2 to US Airways Group's Current Report on Form 8-K filed on November 29, 2007 (Commission File No. 1-8444)).†
10.69	Form of Executive Change in Control Agreement for Executive Vice Presidents (incorporated by reference to Exhibit 10.3 to US Airways Group's Current Report on Form 8-K filed on November 29, 2007 (Commission File No. 1-8444)).†
10.70	Form of Executive Change in Control Agreement for Senior Vice Presidents (incorporated by reference to Exhibit 10.4 to US Airways Group's Current Report on Form 8-K filed on November 29, 2007 (Commission File No. 1-8444)).†
10.71	Form of Letter Agreement for Directors Travel Program (incorporated by reference to Exhibit 10.106 to US Airways Group's Annual Report on Form 10-K for the year ended December 31, 2007 (Commission File No. 1-8444)).†
10.72	Amended and Restated Employment Agreement, dated as of November 28, 2007, among US Airways Group, US Airways, Inc. and W. Douglas Parker (incorporated by reference to Exhibit 10.1 to US Airways Group's Current Report on Form 8-K filed on November 29, 2007 (Commission File No. 1-8444)).†
10.73	Support and Settlement Agreement, dated as of February 13, 2013, among AMR Corporation, certain direct and indirect subsidiaries of AMR Corporation, and the Initial Consenting Creditors (as defined therein) (incorporated by reference to Exhibit 10.1 to AMR's Current Report on Form 8-K filed on February 14, 2013 (Commission File No. 1-8400)).
10.74	Proposed Final Judgment (incorporated by reference to Exhibit 10.1 to AMR's Current Report on Form 8-K filed on November 13, 2013 (Commission File No. 1-8400)).
10.75	Asset Preservation Order (incorporated by reference to Exhibit 10.2 to AMR's Current Report on Form 8-K filed on November 13, 2013 (Commission File No. 1-8400)).
10.76	Supplemental Stipulated Order (incorporated by reference to Exhibit 10.3 to AMR's Current Report on Form 8-K filed on November 13, 2013 (Commission File No. 1-8400)).
10.77	Joint Stipulation (incorporated by reference to Exhibit 10.4 to AMR's Current Report on Form 8-K filed on November 13, 2013 (Commission File No. 1-8400)).
10.78	DOT Agreement (incorporated by reference to Exhibit 10.5 to AMR's Current Report on Form 8-K filed on November 13, 2013 (Commission File No. 1-8400)).
10.79	Letter Agreement, dated as of April 28, 2016, between American Airlines Group Inc. and W. Douglas Parker (incorporated by reference to Exhibit 10.1 to AAG and American's Current Report on Form 8-K filed on April 29, 2016 (Commission File Nos. 1-8400 and 1-2691)).#
10.80	Credit and Guaranty Agreement, dated as of April 29, 2016, among American Airlines, Inc. as borrower, American Airlines Group Inc., as parent and guarantor, certain other subsidiaries of American Airlines Group Inc., as guarantors, the lenders party thereto, Barclays Bank PLC, as administrative agent and collateral agent, and certain other parties thereto (incorporated by reference to Exhibit 10.2 to AAG's Quarterly Report on Form 10-Q filed on July 22, 2016 (Commission File No. 1-8400)).#

Exhibit Number	Description
10.81	First Amendment to Credit and Guaranty Agreement, dated as of October 31, 2016, amending the Credit and Guaranty Agreement, dated as of April 29, 2016, among American Airlines, Inc. as borrower, American Airlines Group Inc., as parent and guarantor, the lenders party thereto, Barclays Bank PLC, as administrative agent.#
10.82	Transition and Separation Agreement, dated as of August 29, 2016, among J. Scott Kirby, American Airlines Group Inc. and American Airlines, Inc. (incorporated by reference to Exhibit 99.1 to AAG and American's Current Report on Form 8-K filed on August 29, 2016 (Commission File Nos. 1-8400 and 1-2691)).
12.1	Computation of ratio of earnings to combined fixed charges and preferred dividends of American Airlines Group Inc. for 2016, 2015, 2014, 2013 and 2012.
12.2	Computation of ratio of earnings to fixed charges of American Airlines, Inc. for 2016, 2015, 2014, 2013 and 2012.
14.1	Code of Ethics (incorporated by reference to Exhibit 14.1 to AAG's Current Report on Form 8-K filed on December 9, 2013 (Commission File No. 1-8400)).
21	Significant subsidiaries of AAG and American as of December 31, 2016.
23.1	Consent of Independent Registered Public Accounting Firm – KPMG LLP.
24	Powers of Attorney (included in signature page of this Annual Report on Form 10-K).
31.1	Certification of AAG Chief Executive Officer pursuant to Rule 13a-14(a).
31.2	Certification of AAG Chief Financial Officer pursuant to Rule 13a-14(a).
31.3	Certification of American Chief Executive Officer pursuant to Rule 13a-14(a).
31.4	Certification of American Chief Financial Officer pursuant to Rule 13a-14(a).
32.1	Certification pursuant to Rule 13a-14(b) and section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code).
32.2	Certification pursuant to Rule 13a-14(b) and section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code).
101	Interactive data files pursuant to Rule 405 of Regulation S-T.

\# Pursuant to Item 601(b)(2) of Regulation S-K promulgated by the Securities and Exchange Commission, certain exhibits and schedules to this agreement have been omitted. Such exhibits and schedules are described in the referenced agreement. AAG and American hereby agree to furnish to the Securities and Exchange Commission, upon its request, any or all of such omitted exhibits or schedules.

* Confidential treatment has been granted with respect to certain portions of this agreement.

** Confidential treatment has been requested with respect to certain portions of this agreement.

† Management contract or compensatory plan or arrangement.

Exhibit 10.1

EXECUTION VERSION

AMENDED AND RESTATED CREDIT AND GUARANTY AGREEMENT
dated as of December 15, 2016

among

AMERICAN AIRLINES, INC.,
as the Borrower,

AMERICAN AIRLINES GROUP INC.,
as Parent and a Guarantor,

THE SUBSIDIARIES OF PARENT FROM TIME TO TIME PARTY HERETO
OTHER THAN THE BORROWER,
as Guarantors,

THE LENDERS PARTY HERETO,

CITIBANK, N.A.,
as Administrative Agent and Collateral Agent,

CITIGROUP GLOBAL MARKETS, INC., BARCLAYS BANK PLC, CREDIT SUISSE SECURITIES (USA) LLC, DEUTSCHE BANK SECURITIES INC., GOLDMAN SACHS BANK USA, J.P. MORGAN SECURITIES LLC, MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED, MORGAN STANLEY SENIOR FUNDING, INC., BNP PARIBAS SECURITIES CORP, CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK, INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED, NEW YORK BRANCH AND U.S. BANK NATIONAL ASSOCIATION,
as Joint Lead Arrangers and Bookrunners,

CITIGROUP GLOBAL MARKETS, INC., BARCLAYS BANK PLC, CREDIT SUISSE SECURITIES (USA) LLC, DEUTSCHE BANK SECURITIES INC., GOLDMAN SACHS BANK USA, J.P. MORGAN SECURITIES LLC, MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED AND MORGAN STANLEY SENIOR FUNDING, INC.,
as Syndication Agents,

BNP PARIBAS SECURITIES CORP, CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK, INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED, NEW YORK BRANCH AND U.S. BANK NATIONAL ASSOCIATION,
as Documentation Agents

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AMENDED AND RESTATED CREDIT AND GUARANTY AGREEMENT, dated as of December 15, 2016, among AMERICAN AIRLINES, INC., a Delaware corporation (the "*Borrower*"), AMERICAN AIRLINES GROUP INC. (formerly known as AMR CORPORATION), a Delaware corporation ("*Parent*"), the direct and indirect Domestic Subsidiaries of Parent from time to time party hereto other than the Borrower, the Lenders (as defined below), CITIBANK, N.A., as administrative agent for the Lenders (together with its permitted successors in such capacity, the "*Administrative Agent*"), as collateral agent (in such capacity, the "*Collateral Agent*"), CITIGROUP GLOBAL MARKETS, INC., BARCLAYS BANK PLC, CREDIT SUISSE SECURITIES (USA) LLC, DEUTSCHE BANK SECURITIES INC., GOLDMAN SACHS BANK USA, J.P. MORGAN SECURITIES LLC, MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED, MORGAN STANLEY SENIOR FUNDING, INC., BNP PARIBAS SECURITIES CORP, CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK, INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED, NEW YORK BRANCH AND U.S. BANK NATIONAL ASSOCIATION, as joint lead arrangers and bookrunners (collectively, the "*Joint Lead Arrangers and Bookrunners*"), CITIGROUP GLOBAL MARKETS, INC., BARCLAYS BANK PLC, CREDIT SUISSE SECURITIES (USA) LLC, DEUTSCHE BANK SECURITIES INC., GOLDMAN SACHS BANK USA, J.P. MORGAN SECURITIES LLC, MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED AND MORGAN STANLEY SENIOR FUNDING, INC., as syndication agents (collectively, the "*Syndication Agents*"), BNP PARIBAS SECURITIES CORP, CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK, INDUSTRIAL AND COMMERCIAL BANK OF CHINA LIMITED, NEW YORK BRANCH AND U.S. BANK NATIONAL ASSOCIATION, as documentation agents (collectively, the "*Documentation Agents*").

INTRODUCTORY STATEMENT

This Agreement amends and restates in its entirety the $1,600,000,000 Loan Agreement dated as of May 23, 2013 (the "*2013 Loan Agreement*") among the Borrower (as successor in interest to US Airways, Inc.), certain affiliates of the Borrower party thereto, Citicorp North America, Inc., as administrative agent and the other financial institutions and lenders party thereto.

The proceeds of the Loans may be used for refinancing existing indebtedness and general corporate purposes.

To provide guarantees and security for the repayment of the Loans, the reimbursement of any draft drawn under a Letter of Credit and the payment of the other obligations of the Borrower and the Guarantors hereunder and under the other Loan Documents, the Borrower and the Guarantors will, among other things, provide to the Administrative Agent and the Lenders the following (each as more fully described herein):

(a) a guaranty from each Guarantor of the due and punctual payment and performance of the Obligations of the Borrower pursuant to Article IX; and

(b) a security interest with respect to the Collateral from the Borrower and each other Grantor (if any) pursuant to the Collateral Documents.

Accordingly, the parties hereto hereby agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01 Defined Terms.

"*2013 Agent*" shall mean Citicorp North America, Inc., as administrative agent and collateral agent under the 2013 Loan Agreement, the 2013 Collateral Documents and the 2013 Specified Collateral Documents.

"*2013 Collateral Documents*" shall mean each "Collateral Document" as defined in the 2013 Loan Agreement other than the 2013 Specified Collateral Documents and the 2013 Leasehold Mortgages.

"*2013 Guarantors*" shall mean American Airlines, Inc., American Airlines Group Inc., Material Services Company, Inc., PSA Airlines, Inc. and Piedmont Airlines, Inc.

"*2013 Guaranty*" shall mean the Guaranty Agreement executed and delivered by the 2013 Guarantors as of May 23, 2013.

"*2013 Leasehold Mortgages*" shall mean each "Mortgage" as defined in the 2013 Loan Agreement.

"*2013 Specified Collateral Documents*" shall mean, (i) the Security Agreement, dated as of May 23, 2013, between American Airlines, Inc. (as successor in interest to US Airways, Inc.), the other grantors party thereto from time to time and Citicorp North America, Inc., as administrative agent and collateral agent, (ii) the Slot, Gate and Route Security Agreement, dated as of May 23, 2013, between American Airlines, Inc. (as successor in interest to US Airways, Inc.), the other grantors party thereto from time to time and Citicorp North America, Inc., as administrative agent and collateral agent, in each case, as amended, amended and restated, supplement or otherwise modified prior to the date hereof.

"*ABR*" when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, is bearing interest at a rate determined by reference to the Alternate Base Rate.

"*Account*" shall mean all "accounts" as defined in the UCC, and all rights to payment for interest (other than with respect to debt and credit card receivables).

"*Account Collateral*" shall have the meaning set forth in the General Security Agreement.

"*Account Control Agreements*" shall mean (a) an Account Control Agreement in the form of Exhibit I hereto with such changes as the Administrative Agent and the Borrower shall agree and (b) each other three-party security and control agreement entered into by any Grantor, the Collateral Agent and a financial institution which maintains one or more deposit

accounts or securities accounts that have been pledged to the Collateral Agent as Collateral hereunder or under any other Loan Document, in each case giving the Collateral Agent exclusive control over the applicable account and in form and substance reasonably satisfactory to the Administrative Agent.

"*Additional Collateral*" shall mean (a) cash or Cash Equivalents pledged to the Collateral Agent pursuant to the applicable Collateral Document, (b) Route Authorities, Slots and/or Gate Leaseholds pledged to the Collateral Agent pursuant to a security agreement substantially in the form of the SGR Security Agreement (or in the case of the Borrower or another Grantor that has previously entered into such a security agreement, supplement(s) to the SGR Security Agreement or such security agreement, as applicable, describing such Route Authorities, Slots and/or Gate Leaseholds designated in such supplement(s), (c) Slots and/or Gate Leaseholds pledged to the Collateral Agent pursuant to a security agreement that is usual and customary for a pledge of assets of such types and reasonably acceptable to the Administrative Agent; provided that a security agreement that is substantially in the form of the Slot Security Agreement or another security agreement covering substantially similar assets previously pledged as Collateral shall, in each case, be deemed reasonably acceptable by the Administrative Agent, except to the extent a change in law or circumstance relating to any applicable category of collateral warrants a change in such security agreement, in the reasonable judgment of the Administrative Agent, (d) aircraft and engines pledged to a trustee as provided in Section 8.01(d) of this Agreement pursuant to Aircraft Security Agreement(s) or supplement(s) thereto, (e) aircraft engines pledged to a trustee as provided in Section 8.01(d) of this Agreement pursuant to Spare Engine Security Agreement(s), supplement(s) thereto, or a security agreement substantially in the form of the Spare Engine Security Agreement, (f) Spare Parts to the extent that (i) such Spare Parts do not constitute Core Collateral immediately prior to the time such Additional Collateral is added or (ii) such Spare Parts are owned by a Grantor other than the Borrower or Parent, in each case, pledged pursuant to Spare Parts Security Agreement(s) or supplement(s) thereto, (g) Ground Service Equipment, Flight Simulators or QEC Kits pledged to the Collateral Agent pursuant to General Security Agreement(s) or supplement(s) thereto, (h) or Real Property Assets pledged to the Collateral Agent pursuant to security agreement(s) (or mortgage(s) in the case of Real Property Assets) in a form reasonably satisfactory to the Administrative Agent and (i) any other assets acceptable to the Required Lenders that may be appraised pursuant to an Appraisal of the type set forth in clause (6) of the definition thereof pledged to the Collateral Agent pursuant to security agreement(s) or mortgage(s), as applicable, in a form reasonably satisfactory to the Administrative Agent.

"*Administrative Agent*" shall have the meaning set forth in the preamble to this Agreement.

"*Administrative Agent Fee Letter*" shall have the meaning set forth in Section 2.19.

"*Affiliate*" shall mean, as to any specified Person, any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control," as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities,

by agreement or otherwise. For purposes of this definition, the terms "controlling," "controlled by" and "under common control with" have correlative meanings. No Person (other than Parent or any Subsidiary of Parent) in whom a Receivables Subsidiary makes an Investment in connection with a Qualified Receivables Transaction will be deemed to be an Affiliate of Parent or any of its Subsidiaries solely by reason of such Investment. A specified Person shall not be deemed to control another Person solely because such specified Person has the right to determine the aircraft flights operated by such other Person under a code sharing, capacity purchase or similar agreement.

"*Affiliate Transaction*" shall have the meaning set forth in Section 6.05(a).

"*Agents*" shall mean, collectively, the Administrative Agent and the Collateral Agent, and "*Agent*" shall mean either one of them.

"*Aggregate Exposure*" shall mean, with respect to any Lender at any time, an amount equal to (a) until the Closing Date, the aggregate amount of such Lender's Commitments at such time and (b) thereafter, the sum of (i) the aggregate then outstanding principal amount of such Lender's Term Loans and (ii) the amount of such Lender's Revolving Commitment then in effect or, if the Revolving Commitments have been terminated, the amount of such Lender's Revolving Extensions of Credit then outstanding.

"*Aggregate Exposure Percentage*" shall mean, with respect to any Lender at any time, the ratio (expressed as a percentage) of such Lender's Aggregate Exposure at such time to the Aggregate Exposure of all Lenders at such time.

"*Agreement*" shall mean this Amended and Restated Credit and Guaranty Agreement.

"*Aircraft Related Equipment*" shall mean aircraft (including engines, airframes, propellers and appliances), engines, propellers, spare parts, aircraft parts, Flight Simulators and other training devices, QEC Kits, passenger loading bridges, other flight equipment or Ground Service Equipment.

"*Aircraft Security Agreement*" shall mean (i) with respect to any aircraft (comprised of an airframe and its related engines) that may be pledged by a Grantor as Additional Collateral or Qualified Replacement Assets after the date hereof, a security agreement substantially in the form of Exhibit J and (ii) with respect to any spare engine that may be pledged by a Grantor as Additional Collateral or Qualified Replacement Assets after the date hereof, a spare engine security agreement based on the form of aircraft security agreement in Exhibit J but with (x) such changes to conform such form of aircraft security agreement to the description of terms of the security agreement applicable to spare engines in Exhibit J and (y) such other changes proposed by the Borrower and reasonably acceptable to the Administrative Agent.

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

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

"*Airport Authority*" shall mean any city or any public or private board or other body or organization chartered or otherwise established for the purpose of administering, operating or managing an airport or related facilities.

"*AISI"* shall mean Aircraft Information Services, Inc.

"*All-In Initial Yield*" shall mean with respect to any Class, the initial yield on such Class payable or allocable to all Lenders as determined by the Administrative Agent to be equal to the sum of (x) the margin above the LIBO Rate on such Class, (y) the amount of any original issue discount or upfront or non-recurring similar fees with respect to such Class payable by the Borrower to the Lenders of such Class in the primary syndication thereof (excluding, for the avoidance of doubt, any arrangement, structuring, or other similar fees) (collectively, "*OID*," with such OID being equated to interest based on an assumed four-year life to maturity) and (z) with respect to any Class of Incremental Term Loans that contains an interest rate "floor" with respect to the LIBO Rate, the amount, if any, by which (1) such LIBO Rate floor exceeds (2) the LIBO Rate floor applicable to the Original Term Loans provided an increase in such floor would cause an increase in the interest rate applicable to the Original Term Loans.

"*Alternate Base Rate*" shall mean, for any day, a rate per annum equal to the greatest of (a) the Prime Rate in effect on such day, (b) the sum of the Federal Funds Effective Rate in effect on such day plus 1/2 of 1% and (c) the sum of the LIBO Rate for an Interest Period of one month in effect on such day plus 1%. Any change in the Alternate Base Rate due to a change in the Prime Rate, the Federal Funds Effective Rate or the LIBO Rate for an Interest Period of one month shall be effective from and including the effective date of such change in the Prime Rate, the Federal Funds Effective Rate or the LIBO Rate for an Interest Period of one month, respectively.

"*AMR/US Airways Merger*" shall mean the merger contemplated by the AMR/US Airways Merger Agreement.

"*AMR/US Airways Merger Agreement*" shall mean the Agreement and Plan of Merger, dated as of February 13, 2013, among Parent, AMR Merger Sub, Inc. and US Airways Group, Inc., as amended through December 9, 2013.

"*Anti-Money Laundering Laws*" shall have the meaning set forth in Section 3.18.

"*Applicable Margin*" shall mean the rate per annum determined pursuant to the following:

Class of Loans	Applicable Margin Eurodollar Loans	Applicable Margin ABR Loans
Class B Term Loans	2.50%	1.50%
Revolving Loans	N/A	N/A

"*Appraisal*" shall mean (i) the Initial Appraisal and (ii) any other appraisal, dated the date of delivery thereof, prepared by (a) with respect to any Route Authorities, Slots and/or Gate Leaseholds, at the Borrower's option, MBA, ICF or PAC (provided that such appraiser must be independent) or any other appraiser appointed by the Borrower and reasonably acceptable to the Administrative Agent, (b) with respect to Spare Parts, at the Borrower's option, MBA, ICF, Sage or PAC (provided that such appraiser must be independent) or any other appraiser appointed by the Borrower and reasonably acceptable to the Administrative Agent, (c) with respect to any aircraft, airframe or engine, at the Borrower's option, any of MBA, ICF, Ascend, BK, AISI, AVITAS or PAC (provided that such appraiser must be independent) or any other appraiser appointed by the Borrower and reasonably acceptable to the Administrative Agent, (d) with respect to Real Property Assets, CB Richard Ellis (provided that such appraiser must be independent) or any other appraiser by the Borrower and reasonably acceptable to the Administrative Agent and (e) with respect to any other type of property, at the Borrower's option, MBA, ICF, Sage or PAC (provided that such appraiser must be independent) or any other appraiser appointed by the Borrower and reasonably acceptable to the Administrative Agent (in each case of any appraiser specified above in clauses (a), (b), (c), (d) and (e), including its successor). Any Appraisal with respect to:

(1) FAA Slots pledged pursuant to the Slot Security Agreement or a security agreement substantially similar thereto, shall have methodology, assumptions and form of presentation consistent in all material respects with the Initial Appraisal to the extent applicable; provided that, if any Appraisals from time to time are not prepared by the same firm of appraisers as the Initial Appraisal, such Appraisals may, with the consent of the Administrative Agent (such consent not to be unreasonably withheld or delayed), have methodology, assumptions and form of presentation that differ from the Initial Appraisal if such differences are deemed appropriate by such appraiser and consistent with such appraiser's customary practice as of the date thereof;

(2) Flight Simulators pledged pursuant to the General Security Agreement or a security agreement substantially similar thereto, shall have methodology, assumptions and form of presentation consistent in all material respects with the Initial Appraisal; provided that, if any Appraisals from time to time are not prepared by the same firm of appraisers as the Initial Appraisal, such Appraisals may, with the consent of the Administrative Agent (such consent not to be unreasonably withheld or delayed), have methodology, assumptions and form of presentation that differ from the Initial Appraisal if such differences are deemed appropriate by such appraiser and consistent with such appraiser's customary practice as of the date thereof;

(3) Spare Parts shall (A) determine the value only of the Pledged Spare Parts that are identified by the Borrower to the Appraiser as being held at Spare Parts Locations as of a date no earlier than the date that is sixty (60) days prior to the date of such Appraisal and (B) have methodology, assumptions and form of presentation consistent in all material respects with the Spare Parts Facility Appraisal, including that such Appraisal shall be a physical appraisal and not a desktop appraisal (provided that such Appraisal may use limited site inspections consistent with the Spare Parts Facility Appraisal); provided that, if any Appraisals from time to time are not prepared by the same firm of appraisers as the Spare Parts Facility Appraisal, such Appraisals may, with the consent of the Administrative Agent (such consent not to be unreasonably withheld), have methodology, assumptions and form of presentation that differ from the Spare Parts Facility Appraisal if such differences are deemed appropriate by such appraiser and consistent with such appraiser's customary practice as of the date thereof;

(4) Route Authorities, Slots and/or Gate Leaseholds pledged pursuant to a security agreement that is substantially similar to the SGR Security Agreement (A) shall (i) be performed using a "discounted cash flow" methodology similar to that used in the Precedent SGR Appraisal or deemed appropriate by such appraiser and consistent with such appraiser's customary practice as of the date thereof, and in any case, shall present a matrix of appraised values based on "discount rates" and "perpetuity growth rates" deemed appropriate by the applicable Appraiser, but shall include the use of a "discount rate" of 11.5% and a "perpetuity growth rate" of 1.5% and (ii) shall otherwise have assumptions and a form of presentation deemed appropriate by the applicable Appraiser; provided that, with respect to all of the Scheduled Services between the United States and a particular country, the Appraised Value of the related Route Authorities, Slots and Foreign Gate Leaseholds is a negative number, such Appraised Value shall be deemed to be zero); provided further that, such Appraisals may with the consent of the Administrative Agent (such consent not to be unreasonably withheld) have methodology, assumptions and form of presentation that differ from the foregoing if such differences are deemed appropriate by such appraiser and consistent with such appraiser's customary practice as in effect on the date hereof and (B) to the extent such Appraisal is based on historical data provided by the Borrower, shall generally be based on such data that is current as of a date no earlier than the date that is six months prior to the date of the delivery of such Appraisal;

(5) an aircraft, airframe or engines shall be a desktop appraisal of the current market value of such aircraft, airframe or engine which does not include any inspection of such aircraft, airframe or engine or the related maintenance records and which assumes its maintenance status is half-life; or

(6) Route Authorities, Slots and Gate Leaseholds for which an Appraisal is not described in clauses (1) or (4) above and any other type of property shall be based upon a methodology and assumptions deemed appropriate by the applicable appraisal firm.

"*Appraised Value*" shall mean, as of any date, (x) with respect to any cash pledged or being pledged at such time as Collateral or maintained in the Collateral Proceeds

Account, 160% of the face amount thereof, (y) with respect to any Cash Equivalents pledged or being pledged at such time as Collateral or maintained in the Collateral Proceeds Account, 160% of the fair market value thereof, as determined by the Administrative Agent in accordance with customary financial market practices determined no earlier than 45 days prior to such date and (z) with respect to any other type of property, the value of such property, as reflected in the most recent Appraisal relating to such property delivered on or prior to such date (in the case of Route Authorities, Slots or Gate Leaseholds referred to in clause (4) of the definition of "Appraisal", subject to the first proviso in clause (A) of such clause (4), such value shall be determined using a "discount rate" of 11.5% and a "perpetuity growth rate of 1.5%); provided that with respect to any Collateral consisting of property described in clause (z), (A) if no Appraisal relating to such Collateral has been delivered to the Administrative Agent prior to such date, the Appraised Value of such Collateral shall be deemed to be zero and (B) if an Appraisal relating to such Collateral has been delivered to the Administrative Agent prior to such date, but no Appraisal relating to such Collateral has been delivered to the Administrative Agent by the last day of the previous calendar year (such last day, the "*Required Appraisal Date*") that immediately precedes such date, then the Appraised Value of such Collateral shall be deemed to be zero for the period from such Required Appraisal Date to the date an Appraisal relating to such Collateral is delivered to the Administrative Agent.

"*Approved Fund*" shall have the meaning set forth in Section 10.02(b).

"*ARB Indebtedness*" shall mean, with respect to Parent or any of its Subsidiaries, without duplication, all Indebtedness or obligations of Parent or such Subsidiary created or arising with respect to any limited recourse revenue bonds issued for the purpose of financing or refinancing improvements to, or the construction or acquisition of, airport and other related facilities and equipment, the use or construction of which qualifies and renders interest on such bonds exempt from certain federal or state taxes.

"*Ascend*" shall mean Ascend Worldwide Limited.

"*Assignment and Acceptance*" shall mean an assignment and acceptance entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 10.02), and accepted by the Administrative Agent, substantially in the form of Exhibit F.

"*AVITAS*" shall mean AVITAS, Inc.

"*Bail-In Action*" means the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

"*Bail-In Legislatio*n" means, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

"*Banking Product Obligations*" shall mean, as applied to any Person, any direct or indirect liability, contingent or otherwise, of such Person in respect of any treasury, depository and cash management services, netting services and automated clearing house transfers of funds

services, including obligations for the payment of fees, interest, charges, expenses, attorneys' fees and disbursements in connection therewith. Treasury, depository and cash management services, netting services and automated clearing house transfers of funds services include, without limitation: corporate purchasing, fleet and travel credit card and prepaid card programs, electronic check processing, electronic receipt services, lockbox services, cash consolidation, concentration, positioning and investing, fraud prevention services, and disbursement services.

"*Bankruptcy Code*" shall mean The Bankruptcy Reform Act of 1978, as heretofore and hereafter amended, and codified as 11 U.S.C. Section 101 et seq.

"*Bankruptcy Event*" shall mean, with respect to any Person, such Person becomes the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee, administrator, custodian, assignee for the benefit of creditors or similar Person charged with the reorganization or liquidation of its business appointed for it, or has taken any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any such proceeding or appointment; provided that a Bankruptcy Event shall not result solely by virtue of any ownership interest, or the acquisition of any ownership interest, in such Person by a Governmental Authority or instrumentality thereof; provided, further, that such ownership interest does not result in or provide such Person with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Person (or such Governmental Authority or instrumentality) to reject, repudiate, disavow or disaffirm any contracts or agreements made by such Person.

"*Bankruptcy Law*" shall mean the Bankruptcy Code or any similar federal or state law for the relief of debtors.

"*Beneficial Owner*" shall have the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular "person" (as that term is used in Section 13(d)(3) of the Exchange Act), such "person" will be deemed to have beneficial ownership of all securities that such "person" has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only after the passage of time.

"*BK*" shall mean BK Associates, Inc.

"*Board*" shall mean the Board of Governors of the Federal Reserve System of the United States.

"*Board of Directors*" shall mean:

(1) with respect to a corporation, the board of directors of the corporation or any committee thereof duly authorized to act on behalf of such board;

(2) with respect to a partnership, the board of directors or other governing body of the general partner of the partnership;

(3) with respect to a limited liability company, the managing member or members, manager or managers or any controlling committee of managing members or managers thereof; and

(4) with respect to any other Person, the board or committee of such Person serving a similar function.

"*Borrower*" shall have the meaning set forth in the preamble to this Agreement.

"*Borrower Release*" shall mean the release of any Collateral from the Lien of the applicable Collateral Document at the direction of the Borrower pursuant to Section 6.09(c).

"*Borrowing*" shall mean the incurrence, conversion or continuation of Loans of a single Type made from all the Revolving Lenders or the Term Lenders, as the case may be, on a single date and having, in the case of Eurodollar Loans, a single Interest Period.

"*Borrowing Date*" shall mean any Business Day specified in a notice pursuant to Sections 2.03 and 2.04 as a date on which the Borrower requests the Lenders to make Loans hereunder or an Issuing Lender to issue Letters of Credit hereunder.

"*Business Day*" shall mean any day other than a Saturday, Sunday or other day on which commercial banks in New York City are required or authorized to remain closed (and, for a Letter of Credit, other than a day on which the Issuing Lender issuing such Letter of Credit is closed); provided, however, that when used in connection with the borrowing or repayment of a Eurodollar Loan, the term "Business Day" shall also exclude any day on which banks are not open for dealings in Dollar deposits on the London interbank market.

"*Capital Lease Obligation*" shall mean, at the time any determination is to be made, the amount of the liability in respect of a lease that would at that time be required to be capitalized and reflected as a liability on a balance sheet prepared in accordance with GAAP, and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be prepaid by the lessee without payment of a penalty.

"*Capital Markets Offering*" shall mean any offering of "securities" (as defined under the Securities Act and, including, for the avoidance of doubt, any offering of pass-through certificates by any pass-through trust established by the Parent or any of its Restricted Subsidiaries) in (a) a public offering registered under the Securities Act, or (b) an offering not required to be registered under the Securities Act (including, without limitation, a private placement under Section 4(2) of the Securities Act, an exempt offering pursuant to Rule 144A and/or Regulation S of the Securities Act and an offering of exempt securities).

"*Capital Stock*" shall mean:

(1) in the case of a corporation, corporate stock;

(2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(3) in the case of a partnership or limited liability company, partnership interests (whether general or limited) or membership interests; and

(4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person,

but excluding from all of the foregoing clauses (1) through (4) any debt securities convertible into Capital Stock, whether or not such debt securities include any right of participation with Capital Stock.

"*Cash Collateralization*" or "*Cash Collateralize*" shall have the meaning set forth in Section 2.02(j). The terms "*Cash Collateralized*," "*Cash Collateralizes*" and "*Cash Collateralizing*" shall have correlative meanings.

"*Cash Equivalents*" shall mean, as of the date acquired, purchased or made, as applicable:

(1) marketable securities or other obligations (a) issued or directly and unconditionally guaranteed as to interest and principal by the United States government or (b) issued or unconditionally guaranteed as to interest and principal by any agency or instrumentality of the United States the obligations of which are backed by the full faith and credit of the United States, in each case maturing within three years after such date;

(2) direct obligations issued by any state of the United States or any political subdivision of any such state or any instrumentality thereof, in each case maturing within three years after such date and having a rating of at least A- (or the equivalent thereof) from S&P or A3 (or the equivalent thereof) from Moody's;

(3) obligations of domestic or foreign companies and their subsidiaries (including, without limitation, agencies, sponsored enterprises or instrumentalities chartered by an Act of Congress, which are not backed by the full faith and credit of the United States), including, without limitation, bills, notes, bonds, debentures, and mortgage-backed securities; provided that, in each case, the security has a maturity or weighted average life of three years or less from such date;

(4) investments in commercial paper maturing no more than one year after such date and having, on such date, a rating of at least A-2 from S&P or at least P-2 from Moody's;

(5) certificates of deposit (including investments made through an intermediary, such as the certificated deposit account registry service), bankers' acceptances, time deposits, Eurodollar time deposits and overnight bank deposits maturing within three years from such date and issued or guaranteed by or placed with,

and any money market deposit accounts issued or offered by, any Lender or by any commercial bank organized under the laws of the United States or any state thereof or the District of Columbia that has a combined capital and surplus and undivided profits of not less than $250,000,000;

(6) fully collateralized repurchase agreements with counterparties whose long term debt is rated not less than A- by S&P and A3 by Moody's and with a term of not more than six months from such date;

(7) Investments in money in an investment company registered under the Investment Company Act of 1940, as amended, or in pooled accounts or funds offered through mutual funds, investment advisors, banks and brokerage houses which invest its assets in obligations of the type described in clauses (1) through (6) above, in each case, as of such date, including, but not be limited to, money market funds or short-term and intermediate bonds funds;

(8) shares of any money market mutual fund that, as of such date, (a) complies with the criteria set forth in SEC Rule 2a-7 under the Investment Company Act of 1940, as amended and (b) is rated AAA (or the equivalent thereof) by S&P and Aaa (or the equivalent thereof) by Moody's;

(9) auction rate preferred securities that, as of such date, have the highest rating obtainable from either S&P or Moody's and with a maximum reset date at least every 30 days;

(10) investments made pursuant to the Borrower's or any of its Restricted Subsidiaries' cash equivalents/short term investment guidelines;

(11) deposits available for withdrawal on demand with commercial banks organized in the United States having capital and surplus in excess of $100,000,000;

(12) securities with maturities of three years or less from such date issued or fully guaranteed by any state, commonwealth or territory of the United States, by any political subdivision or taxing authority of any such state, commonwealth or territory or by any foreign government, the securities of which state, commonwealth, territory, political subdivision, taxing authority or foreign government (as the case may be) are rated at least A by S&P or A2 by Moody's; and

(13) any other securities or pools of securities that are classified under GAAP as cash equivalents or short-term investments on a balance sheet as of such date.

"*Certificate Delivery Date*" shall have the meaning set forth in Section 6.09(a).

"*Change in Law*" shall mean, after the date hereof, (a) the adoption of any law, rule or regulation after the date of this Agreement (including any request, rule, regulation, guideline, requirement or directive promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel II or Basel III) or

(b) compliance by any Lender or Issuing Lender (or, for purposes of Section 2.14(b), by any lending office of such Lender or Issuing Lender through which Loans and/or Letters of Credit are issued or maintained or by such Lender's or Issuing Lender's holding company, if any) with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement.

"*Change of Control*" shall mean the occurrence of any of the following:

(1) the sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of Parent and its Subsidiaries taken as a whole, or the Borrower and its Subsidiaries taken as a whole, to any Person (including any "person" (as that term is used in Section 13(d)(3) of the Exchange Act)) (other than Parent or any of its Subsidiaries); or

(2) the consummation of any transaction (including, without limitation, any merger or consolidation, the result of which is that any Person (including any "person" (as defined above)) becomes the Beneficial Owner, directly or indirectly, of more than 50% of the Voting Stock of Parent (measured by voting power rather than number of shares), other than, in the case of clause (1) above or this clause (2), (A) any such transaction where the Voting Stock of Parent (measured by voting power rather than number of shares) outstanding immediately prior to such transaction constitutes or is converted into or exchanged for a majority of the outstanding shares of the Voting Stock of such Person or Beneficial Owner (measured by voting power rather than number of shares) or (B) any sale, transfer, conveyance or other disposition to, or any merger or consolidation of Parent with or into any Person (including any "person" (as defined above)) which owns or operates (directly or indirectly through a contractual arrangement) a Permitted Business (a "*Permitted Person*") or a Subsidiary of a Permitted Person, in each case under this clause (B), if immediately after such transaction no Person (including any "person" (as defined above)) is the Beneficial Owner, directly or indirectly, of more than 50% of the total Voting Stock of such Permitted Person (measured by voting power rather than number of shares).

For the avoidance of doubt, any Airline/Parent Merger and any Airlines Merger will not be a Change of Control under this Agreement.

"*Class*," when used in reference to any Loan or Borrowing, shall refer to whether such Loan, or the Loans comprising such Borrowing, are Revolving Loans, Class B Term Loans or Incremental Term Loans that are not Class B Term Loans or other tranche or sub-tranche of Term Loans or Revolving Loans and, when used in reference to any Commitment, refers to whether such Commitment is a Revolving Commitment or a Term Loan Commitment. In addition, any extended tranche of Term Loans or Revolving Commitments shall constitute a Class of Loans separate from which they were converted. Notwithstanding anything to the contrary, any Loans or Revolving Commitments having the exact same terms and conditions shall be deemed a part of the same Class.

"*Class B Term Loans*" shall have the meaning set forth in Section 2.01(b).

"*Closing Date*" shall mean December 15, 2016.

"*Closing Date Transactions*" shall mean the Transactions other than (x) the borrowing of Loans after the Closing Date and the use of the proceeds thereof and (y) the request for and issuance of Letters of Credit hereunder after the Closing Date.

"*Code*" shall mean the Internal Revenue Code of 1986, as amended from time to time.

"*Collateral*" shall mean (i) the assets and properties of the Grantors upon which Liens have been granted to the Collateral Agent to secure the Obligations including, without limitation, any Qualified Replacement Assets, Additional Collateral and all of the "Collateral" as defined in the Collateral Documents, but excluding all such assets and properties released from such Liens pursuant to the applicable Collateral Document and (ii) each of the Letter of Credit Account and the Collateral Proceeds Account, together with all amounts on deposit therein and all proceeds thereof.

"*Collateral Agent*" shall have the meaning set forth in the preamble to this Agreement (and, as specified in Section 1.02(b), shall include any successor).

"*Collateral Coverage Failure*" shall mean either (i) a Collateral Coverage Ratio Failure or (ii) a Core Collateral Failure.

"*Collateral Coverage Ratio*" shall mean, as of any date of determination, the ratio of (i) (A) on any date of determination on or prior to the 180th day following the Closing Date, the sum of (x) the Appraised Value of the Collateral (other than the Specified Real Property Assets) with respect to such date of determination and (y) the Appraised Value of the Specified Real Property Assets as of the Closing Date and (B) on any date of determination following the 180th day following the Closing Date, the Appraised Value of the Collateral with respect to such date of determination to (ii) the sum, without duplication, of (w) the Total Revolving Extensions of Credit then outstanding (other than LC Exposure that has been Cash Collateralized in accordance with Section 2.02(j)), plus (x) the aggregate principal amount of all Term Loans then outstanding, plus (y) the aggregate principal amount of all Pari Passu Senior Secured Debt then outstanding plus (z) the aggregate amount of all Designated Hedging Obligations and Designated Banking Product Obligations that constitute "Obligations" then outstanding (such sum, the "*Total Obligations*").

"*Collateral Coverage Ratio Certificate*" shall mean an Officer's Certificate calculating the Collateral Coverage Ratio substantially in the form of Exhibit L hereto.

"*Collateral Coverage Ratio Failure*" shall mean, as of any date of determination, the failure of the Collateral Coverage Ratio as of such date to be at least equal to 1.6 to 1.0.

"*Collateral Documents*" shall mean, collectively, the Slot Security Agreement, any SGR Security Agreement, the General Security Agreement, any Spare Parts Security Agreement, any Aircraft Security Agreement, any Spare Engines Security Agreement, any Account Control Agreement(s), any Intercreditor Agreement (on and after the execution thereof), any Other Intercreditor Agreement (on and after the execution thereof) and other agreements,

instruments or documents that create or purport to create a Lien in favor of the Collateral Agent for the benefit of the Secured Parties, in each case so long as such agreement, instrument or document shall not have been terminated in accordance with its terms.

"*Collateral Proceeds Account*" shall mean a segregated account or accounts held by or under the control of the Collateral Agent into which the Net Proceeds of any Recovery Event or Disposition of Collateral may be deposited in accordance with the provisions of this Agreement.

"*Commitment*" shall mean, as to any Lender, the sum of the Revolving Commitment, if any, and the Term Loan Commitment, if any, of such Lender, it being understood that the "*Term Loan Commitment*" of a Lender shall remain in effect until the Term Loans have been funded in full in accordance with this Agreement.

"*Commitment Fee*" shall have the meaning given to such term in Section 2.20(a).

"*Commitment Fee Rate*" shall be agreed between the Borrower and the Revolving Lenders.

"*Commodity Exchange Act*" shall mean the Commodity Exchange Act (7 U.S.C. §1 et seq.), as amended from time to time, and any successor statute.

"*Commuter Slot*" shall mean any FAA Slot allocated by the FAA as a commuter slot under Title 14 of the United States Code of Federal Regulations, part 93, Subparts K and S (as amended from time to time by regulation, order or statute, or any successor or recodified regulation, order or statute imposing any operating limitations at the applicable airport).

"*Consolidated EBITDAR*" shall mean, with respect to any specified Person for any period, the Consolidated Net Income of such Person for such period plus, without duplication:

(1) an amount equal to any extraordinary loss plus any net loss realized by such Person or any of its Restricted Subsidiaries in connection with any Disposition of assets, to the extent such losses were deducted in computing such Consolidated Net Income; plus

(2) provision for taxes based on income or profits of such Person and its Restricted Subsidiaries, to the extent that such provision for taxes was deducted in computing such Consolidated Net Income; plus

(3) the Fixed Charges of such Person and its Restricted Subsidiaries, to the extent that such Fixed Charges were deducted in computing such Consolidated Net Income; plus

(4) any foreign currency translation losses (including losses related to currency remeasurements of Indebtedness) of such Person and its Restricted Subsidiaries for such period, to the extent that such losses were deducted in computing such Consolidated Net Income; plus

(5) depreciation, amortization (including amortization of intangibles but excluding amortization of prepaid cash expenses that were paid in a prior period) and other non-cash charges and expenses (excluding any such non-cash charge or expense to the extent that it represents an accrual of or reserve for cash charges or expenses in any future period or amortization of a prepaid cash charge or expense that was paid in a prior period) of such Person and its Restricted Subsidiaries to the extent that such depreciation, amortization and other non-cash charges or expenses were deducted in computing such Consolidated Net Income; plus

(6) the amortization of debt discount to the extent that such amortization was deducted in computing such Consolidated Net Income; plus

(7) deductions for grants to any employee of Parent or its Restricted Subsidiaries of any Equity Interests during such period to the extent deducted in computing such Consolidated Net Income; plus

(8) any net loss arising from the sale, exchange or other disposition of capital assets by Parent or its Restricted Subsidiaries (including any fixed assets, whether tangible or intangible, all inventory sold in conjunction with the disposition of fixed assets and all securities) to the extent such loss was deducted in computing such Consolidated Net Income; plus

(9) any losses arising under fuel hedging arrangements entered into prior to the Closing Date and any losses actually realized under fuel hedging arrangements entered into after the Closing Date, in each case to the extent deducted in computing such Consolidated Net Income; plus

(10) proceeds from business interruption insurance for such period, to the extent not already included in computing such Consolidated Net Income; plus

(11) any expenses and charges that are covered by indemnification or reimbursement provisions in connection with any permitted acquisition, merger (including the AMR/US Airways Merger, any Airlines Merger or any Airline/Parent Merger), disposition, incurrence of Indebtedness, issuance of Equity Interests or any investment to the extent (a) actually indemnified or reimbursed and (b) deducted in computing such Consolidated Net Income; plus

(12) non-cash items, other than the accrual of revenue in the Ordinary Course of Business, to the extent such amount increased such Consolidated Net Income; minus

(13) the sum of (A) income tax credits and (B) interest income included in computing such Consolidated Net Income;

in each case, determined on a consolidated basis in accordance with GAAP.

"*Consolidated Net Income*" shall mean, with respect to any specified Person for any period, the aggregate of the net income (or loss) of such Person and its Restricted Subsidiaries for such period, on a consolidated basis (excluding the net income (loss) of any Unrestricted Subsidiary of such Person), determined in accordance with GAAP and without any reduction in respect of preferred stock dividends; provided that:

(1) all (a) extraordinary, nonrecurring, special or unusual gains and losses or income or expenses, including, without limitation, any expenses related to a facilities closing and any reconstruction, recommissioning or reconfiguration of fixed assets for alternate uses; any severance or relocation expenses; executive recruiting costs; restructuring or reorganization costs (whether incurred before or after the effective date of any applicable reorganization plan, including, the AMR/US Airways Merger and Parent's reorganization plan); curtailments or modifications to pension and post-retirement employee benefit plans; (b) any expenses (including, without limitation, transaction costs, integration or transition costs, financial advisory fees, accounting fees, legal fees and other similar advisory and consulting fees and related out-of-pocket expenses), cost-savings, costs or charges incurred in connection with any issuance of securities (including the notes), Permitted Investments, acquisitions, dispositions, recapitalizations or incurrences or repayments of Indebtedness permitted hereunder, including a refinancing thereof (in each case whether or not successful) (including but not limited to any one or more of the AMR/US Airways Merger, any Airlines Merger and any Airline/Parent Merger) and (c) gains and losses realized in connection with any sale of assets, the disposition of securities, the early extinguishment of Indebtedness or associated with Hedging Obligations, together with any related provision for taxes on any such gain, will be excluded;

(2) the net income (but not loss) of any Person that is not the specified Person or a Restricted Subsidiary or that is accounted for by the equity method of accounting will be included for such period only to the extent of the amount of dividends or similar distributions paid in cash to the specified Person or Restricted Subsidiary of the specified Person;

(3) the net income (but not loss) of any Restricted Subsidiary will be excluded to the extent that the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of that net income is not at the date of determination permitted without any prior governmental approval (that has not been obtained) or, directly or indirectly, by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Restricted Subsidiary or its stockholders;

(4) the cumulative effect of a change in accounting principles on such Person will be excluded;

(5) the effect of non-cash gains and losses of such Person resulting from Hedging Obligations, including attributable to movement in the mark-to-market valuation of Hedging Obligations pursuant to Financial Accounting Standards Board Statement No. 133 will be excluded;

(6) any non-cash compensation expense recorded from grants by such Person of stock appreciation or similar rights, stock options or other rights to officers, directors or employees, will be excluded;

(7) the effect on such Person of any non-cash items resulting from any write-up, write-down or write-off of assets (including intangible assets, goodwill and deferred financing costs) in connection with any acquisition, disposition, merger, consolidation or similar transaction (including but not limited to any one or more of the AMR/US Airways Merger, any Airlines Merger and any Airline/Parent Merger) or any other non-cash impairment charges incurred subsequent to the Closing Date resulting from the application of Financial Accounting Standards Board Accounting Standards Codifications 205—Presentation of Financial Statements, 350—Intangibles—Goodwill and Other, 360—Property, Plant and Equipment and 805—Business Combinations (excluding any such non-cash item to the extent that it represents an accrual of or reserve for cash expenditures in any future period except to the extent such item is subsequently reversed), will be excluded;

(8) any provision for income tax reflected on such Person's financial statements for such period will be excluded to the extent such provision exceeds the actual amount of taxes paid in cash during such period by such Person and its consolidated Subsidiaries; and

(9) any amortization of deferred charges resulting from the application of Financial Accounting Standards Board Accounting Standards Codifications 470-20 Debt With Conversion and Other Options that may be settled in cash upon conversion (including partial cash settlement) will be excluded.

"*Consolidated Tangible Assets*" shall mean, as of any date of determination, Consolidated Total Assets of Parent and its consolidated Restricted Subsidiaries excluding goodwill, patents, trade names, trademarks, copyrights, franchises and any other assets properly classified as intangible assets, in accordance with GAAP.

"*Consolidated Total Assets*" shall mean, as of any date of determination, the sum of the amounts that would appear on a consolidated balance sheet of Parent and its consolidated Restricted Subsidiaries as the total assets of Parent and its Restricted Subsidiaries in accordance with GAAP.

"*Convertible Indebtedness*" shall mean Indebtedness of Parent or a Restricted Subsidiary of Parent permitted to be incurred under the terms of this Agreement that is either (a) convertible or exchangeable into common stock of Parent (and cash in lieu of fractional shares) and/or cash (in an amount determined by reference to the price of such common stock) or (b) sold as units with call options, warrants or rights to purchase (or substantially equivalent derivative transactions) that are exercisable for common stock of Parent or a parent company of the issuer and/or cash (in an amount determined by reference to the price of such common stock).

"*Converting 2013 Lender*" means each "Lender" under the 2013 Loan Agreement that has executed and delivered to the Administrative Agent a Tranche B1 Participation Notice and elected the "Cashless Settlement Option".

"*Core Collateral*" shall mean any of the following categories of assets, in each case, for which Appraisals have been delivered to the Administrative Agent pursuant to this Agreement:

(a) all of the Spare Parts owned by the Borrower other than Spare Parts of the Borrower with an aggregate System Value less than or equal to $100 million;

(b) a number of FAA Slots (other than any Temporary Slots) held by the Borrower at DCA that is not less than the sum of (1) the product of (I) 66% and (II) the total number of FAA Slots (other than any Temporary Slots) that are Mainline Slots held by the Borrower at DCA and (2) the product of (I) 66% and (II) the total number of FAA Slots (other than any Temporary Slots) that are Commuter Slots held by the Borrower at DCA, in each case, as of the Closing Date based on an Officer's Certificate of the Borrower delivered to the Administrative Agent on the Closing Date or such later time as the Administrative Agent may agree;

(c) a number of FAA Slots (other than any Temporary Slots) held by the Borrower at LGA that is not less than the product of (I) 66% and (II) the total number of FAA Slots (other than any Temporary Slots) held by the Borrower at LGA as of the Closing Date based on an Officer's Certificate of the Borrower delivered to the Administrative Agent on the Closing Date or such later time as the Administrative Agent may agree;

(d) a number of FAA Slots (other than any Temporary Slots) held by the Borrower at JFK that is not less than to the product of (I) 66% and (II) the total number of FAA Slots (other than any Temporary Slots) held by the Borrower at JFK as of the Closing Date based on an Officer's Certificate of the Borrower delivered to the Administrative Agent on the Closing Date or such later time as the Administrative Agent may agree;

(e) (1) a number of Foreign Slots (other than any Temporary Slots) of the Borrower at airports in Asia that is not less than the product of (I) 90% and (II) the total number of Foreign Slots (other than any Temporary Slots) of the Borrower used in any non-stop scheduled service of the Borrower between airports in the United States and airports in Asia and (2) all of the Route Authorities and Foreign Gate Leaseholds (other than Foreign Gate Leaseholds subject to Transfer Restrictions of the type specified in clause (1)(x) of the proviso to Section 1 of the SGR Security Agreement) of the Borrower used in any non-stop scheduled service of the Borrower between airports in the United States and airports in Asia;

(f) (1) a number of Foreign Slots (other than any Temporary Slots) of the Borrower at airports in South America that is not less than the product of (I) 90% and (II) the total number of Foreign Slots (other than any Temporary Slots) of the Borrower used in any non-stop scheduled service of the Borrower between airports in the United States and airports in South America and (2) all of the Route Authorities and Foreign Gate Leaseholds (other than Foreign Gate Leaseholds subject to Transfer Restrictions of the type specified in clause (1)(x) of

the proviso to Section 1 of the SGR Security Agreement) of the Borrower used in any non-stop scheduled service of the Borrower between airports in the United States and airports in South America;

(g) (1) a number of Foreign Slots (other than any Temporary Slots) of the Borrower at airports in Central America and Mexico that is not less than the product of (I) 90% and (II) the total number of Foreign Slots (other than any Temporary Slots) of the Borrower used in any non-stop scheduled service of the Borrower between airports in the United States and airports in Central America and Mexico and (2) all of the Route Authorities and Foreign Gate Leaseholds (other than Foreign Gate Leaseholds subject to Transfer Restrictions of the type specified in clause (1)(x) of the proviso to Section 1 of the SGR Security Agreement) of the Borrower used in any non-stop scheduled service of the Borrower between airports in the United States and airports in Central America and Mexico;

(h) a number of Foreign Slots (other than any Temporary Slots) of the Borrower at LHR that is not less than the product of (I) 66% and (II) (x) during the IATA summer season, the total number of IATA summer season Foreign Slots (other than any Temporary Slots) of the Borrower at LHR that are IATA summer season Foreign Slots used in any non-stop scheduled service of the Borrower between airports in the United States and LHR or (y) during the IATA winter season, the total number of IATA winter season Foreign Slots (other than any Temporary Slots) of the Borrower at LHR that are IATA winter season Foreign Slots used in any non-stop scheduled service of the Borrower between airports in the United States and LHR, in each case as of the Closing Date based on an Officer's Certificate of the Borrower delivered to the Administrative Agent on the Closing Date or such later time as the Administrative Agent may agree; or

(i) any Airbus A320 NEO family aircraft, Airbus 320 family aircraft, Airbus A330 family aircraft, Airbus A350 family aircraft, Boeing 737 NG family aircraft, Boeing 737 MAX family aircraft, Boeing 777 family aircraft, Boeing 787 family aircraft and/or any engines, or any combination of the foregoing assets, in each case, the Appraised Value of which is not less than the product of (i) 20% and (ii) of the product of (x) 1.6 and (y) the Total Obligations as of any date of determination; provided, that all such aircraft or engines are of the type described in Section 1110 of the Bankruptcy Code or any analogous successor provision of the Bankruptcy Code.

"*Core Collateral Failure*" shall mean, as of any date of determination, the failure of the Collateral to include at least one category of Core Collateral as of such date.

"*Credit Facilities*" shall mean, one or more debt facilities, commercial paper facilities, reimbursement agreements or other agreements (other than the Loan Documents) providing for the extension of credit, or securities purchase agreements, indentures or similar agreements, whether secured or unsecured, in each case, with banks, insurance companies, financial institutions or other lenders or investors providing for, or acting as initial purchasers of, revolving credit loans, term loans, receivables financing (including through the sale of receivables to such lenders or to special purpose entities formed to borrow from such lenders against such receivables), letters of credit, surety bonds, insurance products or the issuance and sale of securities, in each case, as amended, restated, modified, renewed, extended, refunded, replaced in any manner (whether upon or after termination or otherwise) or refinanced (including by means of sales of debt securities) in whole or in part from time to time.

"*DCA*" shall mean Ronald Reagan Washington National Airport, Washington D.C.

"*Default*" shall mean any event that, unless cured or waived, is, or with the passage of time or the giving of notice or both would be, an Event of Default.

"*Defaulting Lender*" shall mean, at any time, subject to Section 2.26(i), (a) any Lender (including any Agent in its capacity as Lender) that has failed, within two (2) Business Days from the date required to be funded or paid by it hereunder, to fund or pay (x) any portion of the Revolving Loans, (y) any portion of the participations in any Letter of Credit required to be funded hereunder or (z) any other amount required to be paid by it hereunder to the Administrative Agent, any Issuing Lender or any other Lender (or its banking Affiliates), (b) any Lender (including any Agent in its capacity as Lender) that has notified the Borrower, the Administrative Agent, any Issuing Lender or any other Lender or has made a public statement, in each case, verbally or in writing and has not rescinded such notice or publication, to the effect, that it does not intend or expect to comply with any of its funding obligations (i) under this Agreement (unless such notification or public statement relates to such Lender's obligation to fund a Borrowing hereunder and states that such position is based on such Lender's determination that a condition to funding (which condition, together with any applicable default, shall be specifically identified in such writing or public statement) cannot be satisfied) or (ii) generally under other agreements in which it commits to extend credit, (c) any Lender (including any Agent in its capacity as Lender), that has failed, within three (3) Business Days after request by the Administrative Agent, any Issuing Lender, any other Lender or the Borrower, acting in good faith, to provide a confirmation in writing from an authorized officer or other authorized representative of such Lender that it will comply with its obligations (and is financially able to meet such obligations) to fund prospective Loans and participations in then outstanding Letters of Credit under this Agreement; provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon the Administrative Agent's, such Issuing Lender's, such other Lender's or the Borrower's, as applicable, receipt of such confirmation in form and substance satisfactory to the Administrative Agent and the Borrowers or (d) any Agent or any Lender that has become, or has had its Parent Company become, the subject of a Bankruptcy Event; provided that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any equity interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender. Any determination by the Administrative Agent that a Lender is a Defaulting Lender under any of clauses (a) through (d) above will be conclusive and binding absent manifest error, and such Lender will be deemed to be a Defaulting Lender (subject to Section 2.26(i)) upon notification of such determination by the Administrative Agent to the Borrower and the Lenders.

"*Designated Banking Product Agreement*" shall mean any agreement evidencing Designated Banking Product Obligations entered into by Parent or the Borrower and any Person that, at the time such Person entered into such agreement, was a Revolving Lender or a banking Affiliate of a Revolving Lender, in each case designated by the relevant Lender and Parent or the Borrower, by written notice to the Administrative Agent, as a "Designated Banking Product Agreement"; provided that, so long as any Revolving Lender is a Defaulting Lender, such Revolving Lender shall not have any rights hereunder with respect to any Designated Banking Product Agreement entered into while such Revolving Lender was a Defaulting Lender.

"*Designated Banking Product Obligations*" shall mean any Banking Product Obligations, in each case as designated by any Revolving Lender (or a banking Affiliate thereof) and Parent or the Borrower from time to time and agreed to by the Administrative Agent as constituting "Designated Banking Product Obligations," which notice shall include (i) a copy of an agreement providing an agreed-upon maximum amount of Designated Banking Product Obligations that can be included as Obligations, and (ii) the acknowledgment of such Revolving Lender (or such banking Affiliate) that its security interest in the Collateral securing such Designated Banking Product Obligations shall be subject to the Loan Documents; provided that, after giving effect to such designation, the aggregate agreed-upon maximum amount of all "Designated Banking Product Obligations" included as Obligations, together with the aggregate agreed-upon maximum amount of all "Designated Hedging Obligations" included as Obligations, shall not exceed $100,000,000 in the aggregate.

"*Designated Hedging Agreement*" shall mean any Hedging Agreement entered into by Parent or the Borrower and any Person that, at the time such Person entered into such Hedging Agreement, was a Revolving Lender or an Affiliate of a Revolving Lender, as designated by the relevant Lender (or Affiliate of a Lender) and Parent or the Borrower, by written notice to the Administrative Agent, as a "Designated Hedging Agreement," which notice shall include a copy of an agreement providing for (i) a methodology agreed to by Parent or the Borrower, such Revolving Lender or Affiliate of a Revolving Lender, and the Administrative Agent for reporting the outstanding amount of Designated Hedging Obligations under such Designated Hedging Agreement from time to time, (ii) an agreed-upon maximum amount of Designated Hedging Obligations under such Designated Hedging Agreement that can be included as Obligations and (iii) the acknowledgment of such Revolving Lender or Affiliate of a Revolving Lender that its security interest in the Collateral securing such Designated Hedging Obligations shall be subject to the Loan Documents; provided that, after giving effect to such designation, the aggregate agreed-upon maximum amount of all "Designated Hedging Obligations" included as Obligations, together with the aggregate agreed-upon maximum amount of all "Designated Banking Product Obligations" included as Obligations, shall not exceed $100,000,000 in the aggregate; provided, further, that so long as any Revolving Lender is a Defaulting Lender, such Revolving Lender shall not have any rights hereunder with respect to any Designated Hedging Agreement entered into while such Revolving Lender was a Defaulting Lender.

"*Designated Hedging Obligations*" shall mean, as applied to any Person, all Hedging Obligations of such Person under Designated Hedging Agreements after taking into account the effect of any legally enforceable netting arrangements included in such Designated Hedging Agreements; it being understood and agreed that, on any date of determination, the

amount of such Hedging Obligations under any Designated Hedging Agreement shall be determined based upon the "settlement amount" (or similar term) as defined under such Designated Hedging Agreement or, with respect to a Designated Hedging Agreement that has been terminated in accordance with its terms, the amount then due and payable (exclusive of expenses and similar payments but including any termination payments then due and payable) under such Designated Hedging Agreement.

"*Disposition*" shall mean, with respect to any property, any sale, lease, sale and leaseback, conveyance, transfer or other disposition thereof; provided, that none of the circumstances described in the last sentence of Section 6.04 shall constitute a "Disposition". The terms "Dispose" and "Disposed of" shall have correlative meanings.

"*Disqualified Institution*" shall mean (a) any Person identified in writing to the Joint Lead Arrangers and Bookrunners on or prior to the Closing Date and (b) any Person that is or becomes a competitor of the Borrower and is designated by the Borrower as such in a writing provided to the Administrative Agent after the Closing Date.

"*Disqualified Stock*" shall mean any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case at the option of the holder of the Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise (other than as a result of a change of control or asset sale), is convertible or exchangeable for Indebtedness or Disqualified Stock, or is redeemable at the option of the holder of the Capital Stock, in whole or in part (other than as a result of a change of control or asset sale), on or prior to the date that is 91 days after the Term Loan Maturity Date. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require Parent or any of its Restricted Subsidiaries to repurchase such Capital Stock upon the occurrence of a change of control or an asset sale will not constitute Disqualified Stock if the terms of such Capital Stock provide that Parent or such Restricted Subsidiary may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with Section 6.01. The amount of Disqualified Stock deemed to be outstanding at any time for purposes of this Agreement will be the maximum amount that Parent and its Restricted Subsidiaries may become obligated to pay upon the maturity of, or pursuant to any mandatory redemption provisions of, such Disqualified Stock, exclusive of accrued dividends. For the avoidance of doubt, the preferred stock issued to the creditors of Parent pursuant to Parent's plan of reorganization, as amended, does not constitute Disqualified Stock.

"*Documentation Agents*" shall have the meaning set forth in the preamble to this Agreement.

"*Dollars*" and "*$*" shall mean lawful money of the United States.

"*Domestic Subsidiary*" shall mean any Restricted Subsidiary of Parent that was formed under the laws of the United States or any state of the United States or the District of Columbia other than (i) any Restricted Subsidiary substantially all of the assets of which are equity interests in one or more Foreign Subsidiaries, intellectual property relating to such Foreign Subsidiaries and other assets (including cash and Cash Equivalents) relating to an ownership interest in such Foreign Subsidiaries and (ii) any Subsidiary of a Foreign Subsidiary.

"*DOT*" shall mean the United States Department of Transportation and any successor thereto.

"*Dutch Auction*" shall mean an auction of Term Loans conducted pursuant to Section 10.02(g) to allow the Borrower to purchase Term Loans at a discount to par value and on a non-pro rata basis, in each case in accordance with the applicable Dutch Auction Procedures.

"*Dutch Auction Procedures*" shall mean, with respect to a purchase of Term Loans by the Borrower pursuant to Section 10.02(g), Dutch auction procedures to be reasonably agreed upon by the Borrower and the Administrative Agent in connection with any such purchase.

"*EEA Financial Institution*" means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

"*EEA Member Country*" means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

"*EEA Resolution Authority*" means any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

"*Eligible Assignee*" shall mean (a) a commercial bank having total assets in excess of $1,000,000,000, (b) a finance company, insurance company or other financial institution or fund, in each case reasonably acceptable to the Administrative Agent, which in the ordinary course of business extends credit of the type contemplated herein or invests therein and has total assets in excess of $200,000,000 and whose becoming an assignee would not constitute a prohibited transaction under Section 4975 of the Code or Section 406 of ERISA, (c) any Lender or any Affiliate of any Lender; provided that, in the case of any assignment of Revolving Commitments, such Affiliate has total assets in excess of $200,000,000, (d) an Approved Fund of any Lender; provided that, in the case of any assignment of Revolving Commitments, such Approved Fund has total assets in excess of $200,000,000, (e) (i) in the case of any Revolving Lender, any other financial institution reasonably satisfactory to the Administrative Agent provided that such financial institution has total assets in excess of $200,000,000, and (ii) in the case of any Term Lender, any other Person (other than any Defaulting Lender, Disqualified Institution or natural Person) reasonably satisfactory to the Administrative Agent and (f) solely with respect to assignments of Term Loans to the extent permitted under Section 10.02(g), the Borrower; provided that, so long as no Event of Default has occurred and is continuing, no Disqualified Institution shall constitute an Eligible Assignee unless otherwise consented to by the Borrower; provided, further, that, except as provided in clause (f) above, neither Parent nor any Subsidiary of Parent shall constitute an Eligible Assignee.

"*Engagement Letter*" shall have the meaning set forth in Section 2.19.

"*Environmental Laws*" shall mean all applicable laws (including common law), statutes, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions or legally binding agreements issued, promulgated or entered into by or with any Governmental Authority, relating to the protection of the environment, preservation or reclamation of natural resources, the handling, treatment, storage, disposal, Release or threatened Release of, or the exposure of any Person (including employees) to, any Hazardous Materials.

"*Environmental Liability*" shall mean any liability (including any liability for damages, natural resource damage, costs of environmental investigation, remediation or monitoring or costs, fines or penalties) resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment, disposal or the arrangement for disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the Release or threatened Release of any Hazardous Materials into the environment or (e) any contract, agreement, lease or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"*Equity Interests*" shall mean Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"*EU Bail-In Legislation Schedule*" means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

"*ERISA*" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated thereunder.

"*ERISA Affiliate*" shall mean any trade or business (whether or not incorporated) that, together with the Borrower, is treated as a single employer under Section 414(b) or (c) of the Code, or solely for purposes of Section 302 of ERISA and Section 412 and 430 of the Code, is treated as a single employer under Section 414 of the Code.

"*Escrow Accounts*" shall mean (1) accounts of Parent or any Subsidiary, solely to the extent any such accounts hold funds set aside by Parent or any Subsidiary to manage the collection and payment of amounts collected, withheld or incurred by Parent or such Subsidiary for the benefit of third parties relating to: (a) federal income tax withholding and backup withholding tax, employment taxes, transportation excise taxes and security related charges, (b) any and all state and local income tax withholding, employment taxes and related charges and fees and similar taxes, charges and fees, including, but not limited to, state and local payroll withholding taxes, unemployment and supplemental unemployment taxes, disability taxes, workman's or workers' compensation charges and related charges and fees, (c) state and local taxes imposed on overall gross receipts, sales and use taxes, fuel excise taxes and hotel occupancy taxes, (d) passenger facility fees and charges collected on behalf of and owed to

various administrators, institutions, authorities, agencies and entities, (e) other similar federal, state or local taxes, charges and fees (including without limitation any amount required to be withheld or collected under applicable law) and (f) other funds held in trust for, or otherwise pledged to or segregated for the benefit of, an identified beneficiary; or (2) accounts, capitalized interest accounts, debt service reserve accounts, escrow accounts and other similar accounts of Parent or any Subsidiary or funds established in connection with the ARB Indebtedness.

"*Eurodollar*" when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, is bearing interest at a rate determined by reference to the LIBO Rate.

"*Eurodollar Tranche*" shall mean the collective reference to Eurodollar Loans under a particular Facility the then current Interest Periods with respect to all of which begin on the same date and end on the same later date (whether or not such Loans shall originally have been made on the same day).

"*Event of Default*" shall have the meaning set forth in Section 7.01.

"*Excess Cash Flow*" shall mean, for any period, (i) Consolidated EBITDAR of Parent for such period, minus (plus) (ii) any increase (decrease) in Working Capital of Parent from the first day of such period to the last day of such period, minus (iii) the sum of (A) payments by the Borrower, Parent or any Guarantor of scheduled principal and interest with respect to the consolidated Indebtedness of Parent (but excluding Indebtedness that is solely the obligation of any Subsidiary that is not a Guarantor) during such period, to the extent such payments are not prohibited under this Agreement, (B) income taxes paid during such period, (C) aircraft rentals paid during such period under Operating Leases, (D) cash used during such period for capital expenditures, (E) deposit and pre delivery payments made in respect of Aircraft Related Equipment, and (F) an amount equal to pension or FASB 106 payments made in excess, if any, of pension or FASB 106 expenses, plus (iv) an amount equal to the excess of pension or FASB 106 expense in excess, if any, of pension or FASB 106 payments.

"*Exchange Act*" shall mean the Securities Exchange Act of 1934, as amended.

"*Excluded Contributions*" shall mean net cash proceeds received by Parent after the Closing Date from:

(1) contributions to its common equity capital (other than from any Subsidiary); or

(2) the sale (other than to a Subsidiary or to any management equity plan or stock option plan or any other management or employee benefit plan or agreement of Parent or any Subsidiary) of Qualifying Equity Interests,

in each case designated as Excluded Contributions pursuant to an Officer's Certificate executed on or around the date such capital contributions are made or the date such Equity Interests are sold, as the case may be. Excluded Contributions will not be considered to be net proceeds of Qualifying Equity Interests for purposes of clause (a)(y)(ii)(B) of Section 6.01.

"*Excluded Information*" shall have the meaning set forth in Section 10.02(g).

"*Excluded Subsidiary*" shall mean each Subsidiary of Parent (1) that is a captive insurance company, (2) that is formed or exists for purposes relating to the investment in one or more tranches of Indebtedness of any other Subsidiary, other tranches of which have been (or are to be) offered in whole or in part to Persons who are not Affiliates of Parent, (3) that is a Regional Airline, (4) that is prohibited by applicable law, rule, regulation or contract existing on the Closing Date (or, in the case of any newly acquired Subsidiary, in existence at the time of acquisition but not entered into in contemplation thereof) from Guaranteeing, or granting Liens to secure, the Obligations or if Guaranteeing, or granting Liens to secure, the Obligations would require governmental (including regulatory) consent, approval, license or authorization unless such consent, approval, license or authorization has been received, (5) with respect to which the Borrower and the Administrative Agent reasonably agree that the burden or cost or other consequences of providing a guarantee of the Obligations shall be excessive in view of the benefits to be obtained by the Secured Parties therefrom, (6) with respect to which the provision of such guarantee of the Obligations would result in material adverse tax consequences to Parent or one of its Subsidiaries (as reasonably determined by the Borrower and notified in writing to the Administrative Agent), (7) that is an Unrestricted Subsidiary, (8) that is a Foreign Subsidiary or (9) AWHQ LLC.

"*Excluded Swap Obligation*" shall mean, with respect to any Guarantor, any Swap Obligation if, and to the extent that, all or a portion of the Guarantee of such Guarantor of, or the grant by such Guarantor of a security interest to secure, such Swap Obligation (or any Guarantee thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof). If a Swap Obligation arises under a master agreement governing more than one swap, such exclusion shall apply only to the portion of such Swap Obligation that is attributable to swaps for which such Guarantee or security interest is or becomes illegal.

"*Excluded Taxes*" shall mean, with respect to the Administrative Agent, any Lender, any Issuing Lender or any other recipient of any payment to be made by or on account of any Obligation of the Borrower or any Guarantor hereunder or under any Loan Document, (a) any Taxes based on (or measured by) its net income, profits or capital, or any franchise taxes (i) imposed by the United States or any political subdivision thereof or by the jurisdiction under the laws of which such recipient is organized or in which its principal office is located or, in the case of any Lender, in which its applicable lending office is located or (ii) imposed as a result of a present or former connection between such recipient and the jurisdiction imposing such Taxes (other than a connection arising from such recipient's having executed, delivered, enforced, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, or enforced, this Agreement or any Loan Document), (b) any branch profits Taxes imposed by the United States or any similar Tax imposed by any other jurisdiction in which such recipient is located, (c) any withholding Tax or gross income Tax that is imposed on amounts payable to such recipient pursuant to a law in effect at the time such recipient becomes a party to this Agreement or designates a new lending office, except, and then only to the extent that, such recipient's assignor was entitled, at the time of assignment to such recipient, or such Lender was entitled at the time of designation of a new lending office, to receive additional amounts from the Borrower with respect to such withholding Tax pursuant to

Section 2.16(a), (d) any withholding Tax that is attributable to such recipient's failure to comply with Section 2.16(f) or 2.16(g), (e) any Tax that is imposed by reason of FATCA and (f) in the case of a recipient that is an intermediary, partnership or other flow-through entity for U.S. tax purposes, any withholding Tax or gross income Tax, to the extent that such Tax is imposed based upon the status of a beneficiary, partner or member of such recipient pursuant to a law in effect at the time such beneficiary, partner or member of such recipient becomes a beneficiary, partner or member of such recipient, except to the extent that amounts with respect to such Taxes were payable pursuant to Section 2.16(a) to such recipient in respect of the assignor (or predecessor in interest) of such beneficiary, partner or member immediately before such beneficiary, partner or member acquired its interest in such recipient from such assignor (or predecessor in interest)).

"*Existing B1 Term Loan*" means a Tranche B1 Term Loan (as defined in the 2013 Loan Agreement) held by a Converting 2013 Lender under the 2013 Loan Agreement.

"*Existing Indebtedness*" shall mean all Indebtedness of Parent and its Subsidiaries in existence on the Closing Date, until such amounts are repaid.

"*Extended Revolving Commitment*" shall have the meaning set forth in Section 2.28(b)(ii).

"*Extended Term Loan*" shall have the meaning set forth in Section 2.28(a)(ii).

"*Extension*" shall mean a Term Loan Extension or a Revolver Extension, as the case may be.

"*Extension Amendment*" shall have the meaning set forth in Section 2.28(d).

"*Extension of Credit*" shall mean, as to any Lender, the making of a Loan, or the issuance of, or participation in, a Letter of Credit by such Lender.

"*Extension Offer*" shall mean a Term Loan Extension Offer or a Revolver Extension Offer, as the case may be.

"*FAA*" shall mean the Federal Aviation Administration of the United States and any successor thereto.

"*FAA Route Slot*" shall mean, at any time of determination, any FAA Slot of any Person at any airport in the United States that is an origin and/or destination point with respect to any Scheduled Service, in each case only to the extent such FAA Slot is being utilized by such Person or any Grantor to provide such Scheduled Service, but in each case excluding any FAA Slot that was obtained by any Person from another air carrier pursuant to an agreement (including but not limited to a loan agreement, lease agreement or a slot release agreement) and is held by such Person on a temporary basis.

"*FAA Slot*" shall mean, at any time of determination, in the case of airports in the United States at which landing or take-off operations are restricted, the right and operational authority to conduct a landing or take-off operation at a specific time or during a specific time period at such airport, including, without limitation, slots, arrival authorizations and operating authorizations, whether pursuant to FAA or DOT regulations or orders pursuant to Title 14, Title 49 or other federal statutes or regulations now or hereinafter in effect.

"*Facility*" shall mean each of the Revolving Facility and the Term Loan Facility.

"*Fair Market Value*" shall mean the value that would be paid by a willing buyer to an unaffiliated willing seller in a transaction not involving distress or necessity of either party, determined in good faith by a Responsible Officer of the Borrower or Parent (unless otherwise provided in this Agreement); provided that any such Responsible Officer shall be permitted to consider the circumstances existing at such time (including, without limitation, economic or other conditions affecting the United States airline industry generally and any relevant legal compulsion, judicial proceeding or administrative order or the possibility thereof) in determining such Fair Market Value in connection with such transaction.

"*FASB*" shall mean the Financial Accounting Standards Board.

"*FATCA*" shall mean Sections 1471 through 1474 of the Code, as of the date of this Agreement, any amended or successor provisions that are substantially comparable and not materially more onerous to comply with, any regulations or official interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the Code and any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the foregoing.

"*Federal Funds Effective Rate*" shall mean, for any day, the rate calculated by the Federal Reserve Bank of New York based on such day's federal funds transactions by depository institutions (as determined in such manner as the Federal Reserve Bank of New York shall set forth on its public website from time to time) and published on the next succeeding Business Day by the Federal Reserve Bank of New York as the federal funds effective rate; provided, that, if the Federal Funds Effective Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

"*Fee Letters*" shall mean the Administrative Agent Fee Letter and the Joint Lead Arranger Fee Letter.

"*Fees*" shall collectively mean the Commitment Fees, the Upfront Fees, the Letter of Credit Fees and other fees referred to in Section 2.19.

"*FIRREA*" shall the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, as amended.

"*Fixed Charges*" shall mean, with respect to any specified Person for any period, the sum, without duplication, of:

(1) the consolidated interest expense (net of interest income) of such Person and its Restricted Subsidiaries for such period to the extent that such interest expense is payable in cash (and such interest income is receivable in cash); plus

(2) the interest component of leases that are capitalized in accordance with GAAP of such Person and its Restricted Subsidiaries for such period to the extent that such interest component is related to lease payments payable in cash; plus

(3) any interest expense actually paid in cash for such period by such specified Person on Indebtedness of another Person that is guaranteed by such specified Person or one of its Restricted Subsidiaries or secured by a Lien on assets of such specified Person or one of its Restricted Subsidiaries; plus

(4) the product of (A) all cash dividends accrued on any series of preferred stock of such Person or any of its Restricted Subsidiaries for such period, other than to Parent or a Restricted Subsidiary of Parent, times (B) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined federal, state and local statutory tax rate of such Person, expressed as a decimal, in each case, determined on a consolidated basis in accordance with GAAP; plus

(5) the aircraft rent expense of such Person and its Restricted Subsidiaries for such period to the extent that such aircraft rent expense is payable in cash,

all as determined on a consolidated basis in accordance with GAAP.

"*Flight Simulators*" shall mean the flight simulators and flight training devices owned by Parent or any of its Restricted Subsidiaries.

"*Flyer Miles Obligations*" shall mean, at any date of determination, all payment and performance obligations of the Borrower under any card marketing agreement with respect to credit cards co-branded by the Borrower and a financial institution which may include obligations in respect of the pre-purchase by third parties of frequent flyer miles and any other similar agreements entered into by Parent or any of its Subsidiaries with any bank from time to time.

"*Foreign Aviation Authority*" shall mean any non-U.S. governmental, quasi-governmental, regulatory or other agency, public corporation or private entity that exercises jurisdiction over the issuance or authorization (i) to serve any non-U.S. point on any Scheduled Service that any applicable Person is serving at any time and/or to conduct operations related to any Scheduled Service and Foreign Gate Leaseholds at any time and/or (ii) to hold and operate any Foreign Slots at any time.

"*Foreign Gate Leasehold*" shall mean, at any time of determination, all of the right, title, privilege, interest and authority of an applicable Person to use or occupy space in an airport terminal at any airport outside the United States that is an origin and/or destination point with respect to any Scheduled Service, in each case only to the extent necessary for such Person to provide such Scheduled Service.

"*Foreign Lender*" shall mean any Lender that is not a "United States person" as defined in Section 7701(a)(3) of the Code.

"*Foreign Route Slot*" shall mean, at any time of determination, any Foreign Slot of any Person at any airport outside the United States that is an origin and/or destination point with respect to any Scheduled Service, in each case only to the extent such Foreign Slot is being utilized by such Person or any Grantor to provide such Scheduled Service, but in each case excluding any Foreign Slot that was obtained by a Person from another air carrier pursuant to an agreement (including but not limited to a loan agreement, lease agreement, slot exchange agreement or a slot release agreement) and is held by such Person on a temporary basis.

"*Foreign Slot*" shall mean, at any time of determination, in the case of airports outside the United States, the right and operational authority to conduct one landing or take-off operation at a specific time or during a specific time period at such airport.

"*Foreign Subsidiary*" shall mean any direct or indirect Subsidiary of Parent that was not formed under the laws of the United States or any state of the United States or the District of Columbia.

"*GAAP*" shall mean generally accepted accounting principles in the United States, which are in effect from time to time, including those set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants, statements and pronouncements of the Financial Accounting Standards Board, such other statements by such other entity as have been approved by a significant segment of the accounting profession and the rules and regulations of the SEC governing the inclusion of financial statements in periodic reports required to be filed pursuant to Section 13 of the Exchange Act, including opinions and pronouncements in staff accounting bulletins and similar written statements from the accounting staff of the SEC. Notwithstanding the foregoing definition, with respect to leases (whether or not they are required to be capitalized on a Person's balance sheet under generally accepted accounting principles in the United States in effect as of the date of this Agreement) and with respect to financial matters related to leases, including assets, liabilities and items of income and expense, "GAAP" shall mean (other than for purposes of Sections 5.01(a) and 5.01(b)), and determinations and calculations shall be made in accordance with, generally accepted accounting principles in the United States, which are in effect as of the date hereof.

"*Gate Leasehold*" shall mean all of the right, title, interest, privilege and authority of any Person to use or occupy space in an airport terminal in connection with the provision of air carrier service.

"*General Security Agreement*" shall mean the Security Agreement (UCC Personal Property), dated as of the Closing Date by and among the Borrower, as grantor, the other grantors party thereto from time to time and the Collateral Agent, or any other security agreement executed and delivered to the Administrative Agent substantially in the form of Exhibit C hereto.

"*Governmental Authority*" shall mean the government of the United States, any other nation or any political subdivision thereof, whether state or local, and any agency (including without limitation the DOT and the FAA), authority, instrumentality, regulatory body, court, central bank organization, or other entity exercising executive, legislative, judicial, taxing

or regulatory powers or functions of or pertaining to government (including any supra-national bodies such as the European Union). Governmental Authority shall not include any Person in its capacity as an Airport Authority.

"*Grantor*" shall mean the Borrower and any Guarantor that shall at any time pledge Collateral under a Collateral Document.

"*Ground Service Equipment*" shall mean the ground service equipment, de-icers, ground support equipment, aircraft cleaning devices, materials handling equipment, passenger walkways and other similar equipment owned by Parent or any of its Restricted Subsidiaries.

"*Guarantee*" shall mean a guarantee (other than (a) by endorsement of negotiable instruments for collection or (b) customary contractual indemnities, in each case in the Ordinary Course of Business), direct or indirect, in any manner including, without limitation, by way of a pledge of assets or through letters of credit or reimbursement agreements in respect thereof, of all or any part of any Indebtedness (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take or pay or to maintain financial statement conditions).

"*Guaranteed Obligations*" shall have the meaning set forth in Section 9.01(a).

"*Guarantors*" shall mean, collectively, Parent and each Domestic Subsidiary of Parent that becomes a party to the Guaranty pursuant to Section 5.09. As of the Closing Date, Parent is the only Guarantor.

"*Guaranty*" shall mean the guaranty set forth in Article IX.

"*Guaranty Obligations*" shall have the meaning set forth in Section 9.01(a).

"*Hazardous Materials*" shall mean all radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature that are regulated pursuant to, or could reasonably be expected to give rise to liability under any Environmental Law.

"*Hedging Agreement*" shall mean any agreement evidencing Hedging Obligations.

"*Hedging Obligations*" shall mean, with respect to any Person, all obligations and liabilities of such Person under:

(1) interest rate swap agreements (whether from fixed to floating or from floating to fixed), interest rate cap agreements and interest rate collar agreements;

(2) other agreements or arrangements designed to manage interest rates or interest rate risk; and

(3) other agreements or arrangements designed to protect such Person against fluctuations in currency exchange rates, fuel prices or other commodity prices, but excluding (x) clauses in purchase agreements and maintenance agreements pertaining to future prices and (y) fuel purchase agreements and fuel sales that are for physical delivery of the relevant commodity.

For the avoidance of doubt, any Permitted Convertible Indebtedness Call Transaction will not constitute Hedging Obligations.

"*IATA*" shall mean the International Air Transport Association and any successor thereto.

"*ICE LIBOR*" shall have the meaning set forth in the definition of "LIBO Rate".

"*ICF*" shall mean ICF International, formerly known as ICF SH&E, Inc.

"*Immaterial Subsidiaries*" shall mean one or more Subsidiaries of Parent (other than any Subsidiary that is a Guarantor, any Excluded Subsidiary, any Subsidiary that is not a Domestic Subsidiary, any Receivables Subsidiary and any Regional Airline), for which (a) the assets of all such Subsidiaries constitute, in the aggregate, no more than 7.5% of the total assets of Parent and its Subsidiaries on a consolidated basis (determined as of the last day of the most recent fiscal quarter of Parent for which internal financial statements are available) and (b) the revenues of all such Subsidiaries account for, in the aggregate, no more than 7.5% of the total revenues of Parent and its Subsidiaries on a consolidated basis for the twelve-month period ending on the last day of the most recent fiscal quarter of Parent for which internal financial statements are available; provided that a Subsidiary will not be considered to be an Immaterial Subsidiary if it (1) directly or indirectly guarantees, or pledges any property or assets to secure, any Obligations, Pari Passu Senior Secured Debt or Junior Secured Debt or (2) owns any properties or assets that constitute Collateral.

"*Increase Effective Date*" shall have the meaning set forth in Section 2.27(a).

"*Increase Joinder*" shall have the meaning set forth in Section 2.27(c).

"*Incremental Commitments*" shall have the meaning set forth in Section 2.27(a).

"*Incremental Revolving Commitment*" shall have the meaning set forth in Section 2.27(a).

"*Incremental Term Loan Commitment*" shall have the meaning set forth in Section 2.27(a).

"*Incremental Term Loans*" shall have the meaning set forth in Section 2.27(c)(i).

"*Indebtedness*" shall mean, with respect to any specified Person, any indebtedness of such Person (excluding air traffic liability, accrued expenses and trade payables), whether or not contingent:

(1) in respect of borrowed money;

(2) evidenced by bonds, notes, debentures or similar instruments or letters of credit (or reimbursement agreements in respect thereof);

(3) in respect of banker's acceptances;

(4) representing Capital Lease Obligations;

(5) representing the balance deferred and unpaid of the purchase price of any property or services due more than six months after such property is acquired or such services are completed, and excluding in any event trade payables arising in the Ordinary Course of Business; or

(6) representing any Hedging Obligations,

if and to the extent any of the preceding items (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet of the specified Person prepared in accordance with GAAP. In addition, the term "Indebtedness" includes all Indebtedness of others secured by a Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person) and, to the extent not otherwise included, the Guarantee by the specified Person of any Indebtedness of any other Person. Indebtedness shall be calculated without giving effect to the effects of Statement of Financial Accounting Standards No. 133 and related interpretations to the extent such effects would otherwise increase or decrease an amount of Indebtedness for any purpose under this Agreement as a result of accounting for any embedded derivatives created by the terms of such Indebtedness.

For the avoidance of doubt, (a) Banking Product Obligations, (b) obligations under leases (other than leases determined to be Capital Lease Obligations under GAAP as in effect on the date of this Agreement), (c) obligations to fund pension plans and retiree liabilities, (d) Disqualified Stock and preferred stock, (e) Flyer Miles Obligations and other obligations in respect of the pre-purchase by others of frequent flyer miles, (f) maintenance deferral agreements, (g) an amount recorded as Indebtedness in such Person's financial statements solely by operation of Financial Accounting Standards Board Accounting Standards Codification 840-40-55 or any successor provision of GAAP but which does not otherwise constitute Indebtedness as defined hereinabove, (h) a deferral of pre-delivery payments relating to the purchases of Aircraft Related Equipment and (i) obligations under flyer miles participation agreements do not constitute Indebtedness, whether or not such obligations would appear as a liability upon a balance sheet of a specified Person.

"*Indemnified Taxes*" shall mean Taxes, other than Excluded Taxes, imposed on or with respect to any payments made by the Borrower or any Guarantor under this Agreement or any other Loan Document.

"*Indemnitee*" shall have the meaning set forth in Section 10.04(b).

"*Initial Appraisal*" shall mean, (i) with respect to FAA Slots, the reports of MBA dated May 24, 2016 and November 30, 2016, (ii) with respect to Flight Simulators, the report of

ICF dated October 25, 2016 and (iii) with respect to Real Property Assets, the reports of CB Richard Ellis dated October 27, 2016, October 29, 2016 and November 7, 2016, in each case, delivered to the Administrative Agent by the Borrower pursuant to Section 4.01(d).

"*Initial Collateral Release Date*" shall mean the earliest to occur of (i) the date on which the first Borrower Release occurs pursuant to the terms hereof and (ii) a Disposition of Collateral that is not a Permitted Disposition pursuant to the terms hereof.

"*Installment*" shall have the meaning set forth in Section 2.10(b).

"*Intercreditor Agreement*" shall mean an intercreditor agreement substantially in the form of Exhibit M hereto.

"*Interest Election Request*" shall mean a request by the Borrower to convert or continue a Borrowing in accordance with Section 2.05.

"*Interest Payment Date*" shall mean (a) as to any Eurodollar Loan having an Interest Period of one or three months, the last day of such Interest Period, (b) as to any Eurodollar Loan having an Interest Period of more than three months, each day that is three months, or a whole multiple thereof, after the first day of such Interest Period and the last day of such Interest Period and (c) with respect to ABR Loans, the last Business Day of each March, June, September and December.

"*Interest Period*" shall mean, as to any Borrowing of Eurodollar Loans, the period commencing on the date of such Borrowing (including as a result of a conversion from ABR Loans) or on the last day of the preceding Interest Period applicable to such Borrowing and ending on (but excluding) the numerically corresponding day (or if there is no corresponding day, the last day) in the calendar month that is one, three or six months thereafter (or, if available to all affected Lenders, 12 months or a shorter period as agreed to by the Administrative Agent and the affected Lenders), as the Borrower may elect in the related notice delivered pursuant to Section 2.03 or 2.05; provided that (i) if any Interest Period would end on a day which shall not be a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day and (ii) no Interest Period shall end later than the applicable Termination Date.

"*Interpolated Screen Rate*" shall mean, in relation to the LIBO Rate, the rate which results from interpolating on a linear basis between:

(a) the applicable ICE LIBOR for the longest period (for which that ICE LIBOR is available) which is less than the Interest Period of that Loan; and

(b) the applicable ICE LIBOR for the shortest period (for which that ICE LIBOR is available) which exceeds the Interest Period of that Loan,

each as of approximately 11:00 a.m. (London, England time) two Business Days prior to the commencement of such Interest Period of that Loan.

"*Investments*" shall mean, with respect to any Person, all direct or indirect investments made from and after the Closing Date by such Person in other Persons (including Affiliates) in the forms of loans (including Guarantees), capital contributions or advances (but excluding advance payments and deposits for goods and services and commission, travel and similar advances to officers, employees and consultants made in the Ordinary Course of Business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities of other Persons, together with all items that are or would be classified as investments on a balance sheet prepared in accordance with GAAP. If Parent or any Restricted Subsidiary of Parent sells or otherwise disposes of any Equity Interests of any direct or indirect Restricted Subsidiary of Parent after the Closing Date such that, after giving effect to any such sale or disposition, such Person is no longer a Restricted Subsidiary of Parent, Parent will be deemed to have made an Investment on the date of any such sale or disposition equal to the Fair Market Value of Parent's Investments in such Subsidiary that were not sold or disposed of in an amount determined as provided in Section 6.01. Notwithstanding the foregoing, any Equity Interests retained by Parent or any of its Subsidiaries after a disposition or dividend of assets or Capital Stock of any Person in connection with any partial "spin-off" of a Subsidiary or similar transactions shall not be deemed to be an Investment. The acquisition by Parent or any Restricted Subsidiary of Parent after the Closing Date of a Person that holds an Investment in a third Person will be deemed to be an Investment by Parent or such Restricted Subsidiary in such third Person in an amount equal to the Fair Market Value of the Investments held by the acquired Person in such third Person in an amount determined as provided in Section 6.01. Except as otherwise provided in this Agreement, the amount of an Investment will be determined at the time the Investment is made and without giving effect to subsequent changes in value.

"*Issuing Lender*" shall mean) any Lender agreeing to act in its capacity as an issuer of Letters of Credit hereunder, and its respective successors in such capacity as provided in Section 2.02(i), which Lender shall be reasonably satisfactory to the Borrower and the Administrative Agent. Each Issuing Lender may, in its reasonable discretion, arrange for one or more Letters of Credit to be issued by Affiliates of such Issuing Lender reasonably acceptable to the Borrower, which Affiliate shall agree in writing reasonably acceptable to the Borrower and the Administrative Agent to be bound by the provisions of the Loan Documents applicable to an Issuing Lender, in which case the term "Issuing Lender" shall include any such Affiliate with respect to Letters of Credit issued by such Affiliate.

"*JFK*" shall mean John F. Kennedy International Airport, New York.

"*Joint Lead Arrangers and Bookrunners*" shall have the meaning set forth in the preamble to this Agreement.

"*Junior Secured Debt*" shall mean Indebtedness permitted to be secured by a Lien on Collateral under Section 6.06 or any Flyer Miles Obligations.

"*Latest Maturity Date*" shall mean, at any date of determination, the latest maturity or expiration date applicable to any Loan or Commitment hereunder at such time, including the latest maturity date of any Term Loan.

"*LC Commitment*" shall mean the commitment of each Issuing Lender to issue Letters of Credit in face amount not to exceed the amount set forth under the heading "LC Commitment" opposite its name in Annex A hereto as updated from time to time or in the Assignment and Acceptance pursuant to which such Issuing Lender became a party hereto or in any other agreement or instrument pursuant to which such Issuing Lender becomes an Issuing Lender or increases its LC Commitment, in each case, as any of the same may be changed from time to time with the consent of the Borrower and any such Issuing Lender. The original aggregate amount of the LC Commitments of the Closing Date shall be $0.

"*LC Disbursement*" shall mean a payment made by an Issuing Lender pursuant to a Letter of Credit issued by it.

"*LC Exposure*" shall mean, at any time, the sum of (a) the aggregate maximum undrawn amount of all outstanding Letters of Credit at such time plus (b) the aggregate amount of all LC Disbursements that have not yet been reimbursed by or on behalf of the Borrower at such time; provided, that in the case of any escalating Letter of Credit where the face amount thereof is subject to escalation with no conditions, the LC Exposure with respect to such Letter of Credit shall be determined by referring to the maximum face amount to which such Letter of Credit may be so escalated. The LC Exposure of any Revolving Lender at any time shall be its Revolving Commitment Percentage of the total LC Exposure at such time.

"*Leased Collateral*" shall have the meaning set forth in the definition of "Permitted Disposition."

"*Leased Slots*" shall have the meaning set forth in the definition of "Permitted Disposition."

"*Lenders*" shall mean each of the several banks and other financial institutions or entities from time to time party hereto as a lender.

"*Letter of Credit*" shall mean any irrevocable letter of credit issued pursuant to Section 2.02, which letter of credit shall be (i) a standby letter of credit, (ii) issued for general corporate purposes of Parent or any Subsidiary of Parent; provided that in any case the account party of a Letter of Credit must be the Borrower, (iii) denominated in Dollars and (iv) otherwise in such form as may be reasonably approved from time to time by the Administrative Agent and the applicable Issuing Lender.

"*Letter of Credit Account*" shall mean the account established by the Borrower after the Closing Date under the sole and exclusive control of the Collateral Agent maintained at the office of the Collateral Agent, which shall be used solely for the purposes set forth herein.

"*Letter of Credit Fees*" shall mean the fees payable in respect of Letters of Credit pursuant to Section 2.21.

"*Letter of Credit Request*" shall mean a request by the Borrower, executed by a Responsible Officer of the Borrower, for the issuance of a Letter of Credit (or the amendment, renewal or extension of an outstanding Letter of Credit) in accordance with Section 2.02 in substantially the form of Exhibit H or such other form as reasonably acceptable to the applicable Issuing Lender.

"*LGA*" shall mean LaGuardia Airport, New York.

"*LHR*" shall mean Heathrow Airport, England.

"*LIBO Rate*" shall mean for any Interest Period as to any LIBO Rate Loan, (i) the rate per annum determined by the Administrative Agent to be the offered rate which appears on the page of the Reuters Screen which displays the London interbank offered rate administered by ICE Benchmark Administration Limited (such page currently being the LIBOR01 page) ("*ICE LIBOR*") for deposits (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period in Dollars, determined as of approximately 11:00 a.m. (London, England time), two Business Days prior to the commencement of such Interest Period or (ii) in the event the rate referenced in the preceding clause (i) does not appear on such page or service or if such page or service shall cease to be available, the rate determined by the Administrative Agent to be the offered rate on such other page or other service which displays ICE LIBOR for deposits (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period in Dollars, determined as of approximately 11:00 a.m. (London, England time) two Business Days prior to the commencement of such Interest Period; provided that if ICE LIBOR is quoted under either of the preceding clauses (i) or (ii), but there is no such quotation for the Interest Period elected, the LIBO Rate shall be equal to the Interpolated Rate; and provided, further, that (a) if negative, the LIBO Rate shall be deemed to be 0% for the purposes of this Agreement and (b) solely in respect of the Class B Term Loans, the LIBO Rate shall not be less than 0.75%.

"*Lien*" shall mean, with respect to any asset, any mortgage, lien, pledge, charge, security interest or similar encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law (but excluding any transaction pursuant to clause (6) of the definition of "*Permitted Disposition*"), including any conditional sale or other title retention agreement, any option or other agreement to sell or give a security interest in and, except in connection with any Qualified Receivables Transaction, any agreement to give any financing statement under the UCC (or equivalent statutes) of any jurisdiction.

"*Liquidity*" shall mean the sum of (i) all unrestricted cash and Cash Equivalents of Parent and its Restricted Subsidiaries, (ii) cash and Cash Equivalents of Parent and its Restricted Subsidiaries restricted in favor of the Facilities, (iii) the aggregate principal amount committed and available to be drawn by Parent and its Restricted Subsidiaries (taking into account all borrowing base limitations or other restrictions) under all revolving credit facilities (including the Revolving Facility) of Parent and its Restricted Subsidiaries and (iv) the scheduled net proceeds (after giving effect to any expected repayment of existing Indebtedness using such proceeds) of any Capital Markets Offering of Parent or any of its Restricted Subsidiaries that has priced but has not yet closed (until the earliest of the closing thereof, the termination thereof without closing or the date that falls five (5) Business Days after the initial scheduled closing date thereof).

"*Loan Documents*" shall mean this Agreement, the Collateral Documents, any Intercreditor Agreement, any Other Intercreditor Agreement, the Administrative Agent Fee

Letter and any other instrument or agreement (which is designated as a Loan Document therein) executed and delivered by the Borrower or a Guarantor to the Administrative Agent, the Collateral Agent, any Issuing Lender or any Lender, in each case, as the same may be amended, restated, modified, supplemented, extended or amended and restated from time to time in accordance with the terms hereof.

"*Loan Parties*" shall mean the Borrower and the Guarantors.

"*Loan Request*" shall mean a request by the Borrower, executed by a Responsible Officer of the Borrower, for a Loan in accordance with Section 2.03 in substantially the form of Exhibit G.

"*Loans*" shall mean, collectively, the Revolving Loans and the Term Loans.

"*Mainline Slot*" means any FAA Slot that is not a Commuter Slot.

"*Margin Stock*" shall have the meaning set forth in Section 3.12(a).

"*Marketing and Service Agreements*" shall mean those certain business, marketing and service agreements among a Loan Party and/or any of its Subsidiaries and any of Mesa Airlines, Inc., Chautauqua Airlines, Inc., Trans States Airlines, Inc., United Air Lines, Inc., Republic Airline, Inc., SkyWest Airlines and Air Wisconsin Airlines Corporation and such other parties or agreements from time to time that include, but are not limited to, code-sharing, pro-rate, capacity purchase, service, frequent flyer, ground handling and marketing agreements that are entered into in the Ordinary Course of Business.

"*Material Adverse Change*" shall mean any event, change, condition, occurrence, development or circumstance that, either individually or in the aggregate, has had or could reasonably be expected to have a Material Adverse Effect.

"*Material Adverse Effect*" shall mean a material adverse effect on (a) the consolidated business, operations or financial condition of Parent and its Restricted Subsidiaries, taken as a whole, (b) the validity or enforceability of any of the Loan Documents or the rights or remedies of the Administrative Agent and the Lenders thereunder or (c) the ability of the Borrower and the Guarantors, taken as a whole, to pay the Obligations; provided that, for the avoidance of doubt, any action taken or not taken within one year from the Closing Date in connection with or in furtherance of the AMR/US Airways Merger and/or any related Airlines Merger shall be deemed not to constitute a Material Adverse Effect.

"*Material Indebtedness*" shall mean Indebtedness of the Borrower and/or Guarantors (other than the Loans and obligations relating to Letters of Credit) outstanding under the same agreement in a principal amount exceeding $150,000,000.

"*MBA*" shall mean Morten Beyer & Agnew.

"*Minimum Extension Condition*" shall have the meaning set forth in Section 2.28(c).

"*Moody's*" shall mean Moody's Investors Service, Inc.

"*Net Proceeds*" shall mean the aggregate cash and Cash Equivalents received by Parent or any of its Restricted Subsidiaries in respect of any Disposition of Collateral (including, without limitation, any cash or Cash Equivalents received in respect of or upon the sale or other disposition of any non-cash consideration received in any Disposition of Collateral) or Recovery Event, net of: (a) the direct costs and expenses relating to such Disposition of Collateral and incurred by Parent or a Restricted Subsidiary (including the sale or disposition of any such non-cash consideration received) or any such Recovery Event, including, without limitation, legal, accounting and investment banking fees, and sales commissions, and any relocation expenses incurred as a result of the Disposition of Collateral or Recovery Event, taxes paid or payable as a result of the Disposition of Collateral or Recovery Event, in each case, after taking into account any available tax credits or deductions and any tax sharing arrangements; (b) any reserve for adjustment or indemnification obligations in respect of the sale price of such asset or assets established or to be established, in each case, in accordance with GAAP and (c) any portion of the purchase price from a Disposition of Collateral placed in escrow pursuant to the terms of such Disposition of Collateral (either as a reserve for adjustment of the purchase price, or for satisfaction of indemnities in respect of such Disposition of Collateral) until the termination of such escrow.

"*Net Proceeds Amount*" shall have the meaning set forth in Section 2.12(a).

"*New Lender*" shall have the meaning set forth in Section 2.27(a).

"*Non-Defaulting Lender*" shall mean, at any time, a Lender that is not a Defaulting Lender.

"*Non-Extending Lender*" shall have the meaning set forth in Section 10.08(g).

"*Non-Lender Secured Party*" shall have the meaning provided in the Slot Security Agreement.

"*Non-Recourse Debt*" shall mean Indebtedness:

(1) as to which neither Parent nor any of its Restricted Subsidiaries (A) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness) or (B) is directly or indirectly liable as a guarantor or otherwise; and

(2) as to which the holders of such Indebtedness do not otherwise have recourse to the stock or assets of Parent or any of its Restricted Subsidiaries (other than the Equity Interests of an Unrestricted Subsidiary).

"*Non-Recourse Financing Subsidiary*" shall mean any Unrestricted Subsidiary that (a) has no Indebtedness other than Non-Recourse Debt and (b) engages in no activities other than those relating to the financing of specified assets and other activities incidental thereto.

"*Obligations*" shall mean the unpaid principal of, premium on, and interest on (including interest accruing after the maturity of the Loans and interest accruing after the filing of any petition of bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to the Borrower, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding), the Loans, the Designated Hedging Obligations, the Designated Banking Product Obligations, and all other obligations and liabilities of the Borrower to any Agent, any trustee appointed pursuant to Section 8.01(d) with respect to an Aircraft Security Agreement or Spare Engine Security Agreement, any Issuing Lender or any Lender (or (i) in the case of Designated Hedging Obligations, any obligee with respect to such designated Hedging Obligations who was a Revolving Lender or an Affiliate of a Revolving Lender when the related Designated Hedging Agreement was entered into or (ii) in the case of Designated Banking Product Obligations, any obligee with respect to such Designated Banking Product Obligations who was a Revolving Lender or a banking Affiliate of any Revolving Lender at the time the related Designated Banking Product Agreement was entered into), whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which arise under this Agreement or any other Loan Document, whether on account of principal, interest, reimbursement obligations, fees, indemnities, out-of-pocket costs, and expenses (including all fees, charges and disbursements of counsel to any Agent, any Issuing Lender or any Lender that are required to be paid by the Borrower pursuant hereto) or otherwise; provided, however, that the aggregate amount of all Designated Hedging Obligations and Designated Banking Product Obligations (in each case valued in accordance with the definitions thereof) at any time outstanding that shall be included as "Obligations" shall not exceed $100,000,000; provided, further that in no event shall the Obligations include Excluded Swap Obligations.

"*OFAC*" shall have the meaning set forth in Section 3.17.

"*Officer's Certificate*" shall mean a certificate delivered by the Borrower on its own behalf or on behalf of an Affiliate of the Borrower or Parent signed by any one of the following officers of the Borrower or (at the Borrower's option) Parent: the Chairman of the Board of Directors, the Vice Chairman of the Board of Directors, the President, the Chief Financial Officer, any Executive Vice President, any Senior Vice President, any Vice President, the Secretary, any Assistant Secretary, the Treasurer or any Assistant Treasurer.

"*OID*" shall have the meaning set forth in the definition of "All-In Initial Yield."

"*Operating Lease*" shall mean, as applied to any Person, any lease (including, without limitation, leases that may be terminated by the lessee at any time) of any property (whether real, personal or mixed) under which such Person is lessee, that is not a lease representing Capital Lease Obligations.

"*Ordinary Course of Business*" shall mean with respect to Parent or any of its Subsidiaries, (a) in the ordinary course of business of, or in furtherance of an objective that is in the ordinary course of business of, Parent and its Subsidiaries, (b) customary and usual in the commercial airline industry in the United States or (c) consistent with the past or current practice of one or more commercial air carriers in the United States.

"*Other Intercreditor Agreement*" shall mean an intercreditor agreement in form and substance reasonably satisfactory to the Borrower and the Administrative Agent.

"*Other Taxes*" shall mean any and all present or future court stamp, mortgage, recording, filing or documentary taxes or any other similar, charges or similar levies arising from any payment made hereunder or from the execution, performance, delivery, registration of or enforcement of this Agreement or any other Loan Document.

"*Outstanding Letters of Credit*" shall have the meaning set forth in Section 2.02(j).

"*PAC*" shall mean Panum Aviation Consulting.

"*Parent*" shall have the meaning set forth in the preamble to this Agreement.

"*Parent Company*" shall mean, with respect to a Revolving Lender, the bank holding company (as defined in Regulation Y issued by the Board), if any, of such Revolving Lender, and/or any Person owning, beneficially or of record, directly or indirectly, a majority of the shares of such Revolving Lender.

"*Pari Passu Notes*" shall mean Indebtedness of the Borrower or any Guarantor in the form of senior secured notes; provided that (i) immediately after giving pro forma effect thereto, the use of proceeds therefrom and the pledge of additional assets as Additional Collateral (if any) (A) no Default or Event of Default shall have occurred and be continuing or would result therefrom and (B) the Collateral Coverage Ratio shall be no less than 1.6 to 1.0 and the aggregate amount of Liquidity shall be no less than $2,000,000,000; (ii) such Indebtedness is secured only by the Collateral on a *pari passu* basis with the Term Loan Facility and Revolving Facility pursuant to the Collateral Documents; (iii) such Indebtedness shall benefit only from substantially the same guarantees as the guarantees of the Term Loan Facility and Revolving Facility provided hereunder; (iv) such Indebtedness matures no earlier than the Term Loan Maturity Date, (v) such Indebtedness shall have a Weighted Average Life to Maturity that is not shorter than the Weighted Average Life to Maturity of the Class B Term Loans and (vi) such Indebtedness constitutes "Priority Lien Debt" as defined under, and in accordance with the terms of, the Collateral Documents.

"*Pari Passu Senior Secured Debt*" shall mean (i) any Pari Passu Notes (and any Guarantee thereof by the Borrower or Parent) and (ii) any Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, extend, defease or discharge any such Indebtedness specified in clause (i) hereof.

"*Participant*" shall have the meaning set forth in Section 10.02(d)(i).

"*Participant Register*" shall have the meaning set forth in Section 10.02(d)(i).

"*Patriot Act*" shall mean the USA Patriot Act, Title III of Pub. L. 107-56, signed into law on October 26, 2001 and any subsequent legislation that amends or supplements such Act or any subsequent legislation that supersedes such Act.

"*Payroll Accounts*" shall mean depository accounts used only for payroll.

"*Permitted Bond Hedge Transaction*" shall mean any call or capped call option (or substantively equivalent derivative transaction) on Parent's common stock purchased by the issuer of any Convertible Indebtedness in connection with the issuance of any such Convertible Indebtedness; provided that the purchase price for such Permitted Bond Hedge Transaction, less the proceeds received by the issuer of such Convertible Indebtedness from the sale of any related Permitted Warrant Transaction, does not exceed the net proceeds received by such issuer from the sale of such Convertible Indebtedness issued in connection with the Permitted Bond Hedge Transaction.

"*Permitted Business*" shall mean any business that is similar, or reasonably related, ancillary, supportive or complementary to, or any reasonable extension of the businesses in which Parent and its Restricted Subsidiaries are engaged on the date of this Agreement.

"*Permitted Convertible Indebtedness Call Transaction*" shall mean any Permitted Bond Hedge Transaction and any Permitted Warrant Transaction.

"*Permitted Disposition*" shall mean, with respect to Dispositions of Collateral, any of the following:

(1) any single transaction or series of related transactions that involves the Disposition of assets (other than Pledged Slots) having a Fair Market Value of less than $50,000,000 during any six-month period;

(2) Dispositions between or among any of Parent and any of its Restricted Subsidiaries that are Grantors (including any Person that shall become a Grantor simultaneous with such Disposition); provided that (i) concurrently with any Disposition of Collateral to any such Grantor or any Person that shall become a Grantor simultaneous with such Disposition, such Grantor or Person shall have granted a security interest in such Collateral to the Collateral Agent pursuant to a security agreement or mortgage, as applicable, in substantially the same form as the security agreement or mortgage covering such Collateral prior to such Disposition; and (ii) if reasonably requested by the Collateral Agent, concurrently with, or promptly after, such Disposition, the Collateral Agent shall receive an opinion of counsel to the Borrower (which may be in-house counsel) (x) in the case of Collateral that consists of Route Authorities, Slots and/or Gate Leaseholds, as to the creation and perfection under Article 9 of the UCC of the Lien of the security agreement or mortgage, as applicable, and subject to assumptions and qualifications (including as provided in the opinion delivered pursuant to Section 4.01(e)(i)), and (y) in the case of any other Collateral, as to the creation and perfection of the Lien of such security agreement or mortgage, as applicable, in form and substance reasonably satisfactory to the Collateral Agent; provided, further that this clause (2) shall not permit any Disposition of the Letter of Credit Account or any amounts on deposit therein; provided, further, that following such Disposition, such Collateral is subject to a Lien with the priority and perfection required by the applicable Collateral Document immediately prior to such Disposition (and otherwise subject only to Permitted Liens) in favor of the Collateral Agent or trustee (as applicable) for the benefit of the Secured Parties;

(3) any Liens not prohibited by Section 6.06;

(4) Disposition of cash or Cash Equivalents in exchange for other cash or Cash Equivalents constituting Collateral and having reasonably equivalent value therefor; provided that this clause (4) shall not permit any Disposition of the Letter of Credit Account or any amounts on deposit therein;

(5) the abandonment or Disposition of assets (other than Pledged Slots) no longer useful or used in the business; provided that such abandonment or Disposition is (A) in the Ordinary Course of Business and (B) with respect to assets that are not material to the business of Parent and its Restricted Subsidiaries taken as a whole;

(6) the lease or sublease of, use, license or sublicense agreement, swap or exchange agreement or similar arrangement with respect to, assets and properties that constitute Collateral in the Ordinary Course of Business (excluding Pledged Slots other than any Pledged Slot or Pledged Gate Leasehold, in each case, used in Scheduled Services and pledged pursuant to the SGR Security Agreement (the "*Leased Collateral*") so long as, (A) such transaction has a term of one year or less, or in the case of Leased Collateral comprised of Pledged Slots used in Scheduled Services ("*Leased Slots*"), does not extend beyond three comparable IATA traffic seasons or (B) if the term of such transaction is longer than provided for in clause (6)(A), a Responsible Officer of the Borrower determines in good faith and certifies in a Collateral Coverage Ratio Certificate delivered to the Administrative Agent prior to entering into any such transaction that (i) immediately after giving effect to such transaction, the Collateral Coverage Ratio with respect to the date of commencement of such transaction (for purposes of calculating such Collateral Coverage Ratio, including the Appraised Value of the Leased Collateral but excluding the proceeds of such transaction and the intended use thereof) would be at least 1.6 to 1.0; provided that in the event that the Leased Collateral is comprised of one or more Leased Slots, (x) the Borrower shall deliver to the Administrative Agent an Appraisal of the portion of such Collateral comprised of Route Authorities, Slots and/or Foreign Gate Leaseholds, which Appraisal gives pro forma effect to such transaction with respect to such Leased Slots and (y) the Appraised Value stated in such Appraisal shall be used as the value of the portion of such Collateral comprised of Route Authorities, Slots and/or Foreign Gate Leaseholds in the calculation of the Collateral Coverage Ratio with respect to the date of commencement of such transaction, (ii) the Collateral Agent's Liens on such Collateral are not materially adversely affected by such transaction; provided that the certification in this clause (ii) shall not be required with respect to any such Leased Collateral comprised of Slots and/or Foreign Gate Leaseholds and (iii) no Event of Default exists at the time of such transaction;

(7) any retiming or other adjustment of the time or time period for landing or takeoff or any adjustment with respect to terminal access or seating capacity, in each case with respect to any Slot (whether accomplished by modification, substitution or exchange or swap) for which no consideration is received by the Borrower or any of its Affiliates;

provided that in the event that any such retiming or other adjustment of the time or time period for landing or takeoff or any adjustment with respect to terminal access or seating capacity, in each case, with respect to any Slot shall be deemed to constitute a new Slot, such new Slot shall not constitute consideration received by the Borrower or any of its Affiliates for purposes of this clause (7);

(8) any Disposition of Collateral comprised of a Route Authority, Slot or Gate Leasehold resulting from any legislation, regulation, policy or other action of the FAA, the DOT, any applicable Foreign Aviation Authority, Airport Authority or any other Governmental Authority that affects the existence, availability or value of properties or rights of the same type as the Route Authorities, Slots or Gate Leaseholds to air carriers generally (and not solely to the Borrower), including any such legislation, regulation, policy or action relating to the applicability of Foreign Slots or FAA Slots to flight operations at any airport and for which no consideration is received by the Borrower or any of its Affiliates; provided that any other Route Authority, Slot or Gate Leasehold and any retiming or other adjustment of the time or time period for landing or takeoff or any adjustment with respect to the terminal access or seating capacity with respect to any Slot received by the Borrower or any of its Affiliates in connection with such Disposition shall not constitute consideration;

(9) any Disposition of property resulting from an event of loss with respect to any aircraft, airframe, engine or spare engine if the Grantor is replacing such aircraft, airframe, engine or spare engine in accordance with the terms of the applicable Aircraft Security Agreement or Spare Engine Security Agreement; and

(10) any Disposition of Collateral permitted by any of the Collateral Documents (to the extent such permission is not made by cross-reference to, or incorporation by reference of, a Disposition of Collateral permitted under Section 6.04(ii)).

(11) any Slot Arrangement not otherwise permitted in clauses (1) through (10) above, so long as:

(A) such Slot Arrangement is entered into with any other Person if such Slot Arrangement is subject and subordinated to the rights of the Collateral Agent under the applicable Collateral Documents on terms reasonably satisfactory to the Collateral Agent (provided that, in connection with the Collateral Agent's enforcement of any remedies under this Agreement, the Collateral Agent shall not terminate or otherwise interfere with such Slot Arrangement prior to its expiration pursuant to the terms thereof) (iii) as of the date of the entry into such Slot Arrangement, no Event of Default shall have occurred and be continuing and (iv) as of the date of the entry into such Slot Arrangement, the Borrower shall be in compliance with Section 6.08;

(B) such Slot Arrangement is effected in the Ordinary Course of Business of Parent or any Subsidiary of Parent in managing its portfolio of Slots and does not result in the sale or loss of Parent's or such Subsidiary of Parent's ownership interest in Pledged Slots subject to such Slot Arrangement; provided, that if any such Slot Arrangement is for a term in excess of one year, (i) such Slot Arrangement shall be subject and subordinate to the rights (including remedies) of the Administrative Agent under the applicable Collateral Documents or (ii) if all Pledged Slots subject to such Slot Arrangement were excluded from the Collateral, no Collateral Coverage Failure would occur; provided, further, that for the avoidance of doubt successive Slot Arrangements for terms not in excess of one year (including any Slot Arrangements that are renewed) shall not be subject to the immediately preceding proviso;

(C) such Slot Arrangement is for purposes of operations by another airline operating under a brand associated with the Borrower or otherwise operating routes at the Borrower's direction under a code share agreement, capacity purchase agreement, pro-rate agreement or similar arrangement between such airline and the Borrower; provided, that such Slot Arrangement shall not result in the sale or loss of Parent's or any Subsidiary of Parent's ownership interest in Pledged Slots subject to such Slot Arrangement; provided, further, that if any such Slot Arrangement is for a term in excess of one year, (i) such Slot Arrangement shall be subject and subordinate to the rights (including remedies) of the Administrative Agent under the applicable Collateral Documents or (ii) if all Pledged Slots subject to such Slot Arrangement were excluded from the Collateral, no Collateral Coverage Failure would occur; provided, further, that for the avoidance of doubt successive Slot Arrangements for terms not in excess of one year (including any Slot Arrangements that are renewed) shall not be subject to the immediately preceding proviso; or

(D) such Slot Arrangement is subject and subordinated to the rights (including remedies) of the Collateral Agent under the applicable Collateral Documents on terms reasonably satisfactory to the Collateral Agent.

"*Permitted Investments*" shall mean:

(1) any Investment in Parent or in a Restricted Subsidiary of Parent;

(2) any Investment in cash, Cash Equivalents and any foreign equivalents;

(3) any Investment by Parent or any Restricted Subsidiary of Parent in a Person, if as a result of such Investment:

(A) such Person becomes a Restricted Subsidiary of Parent; or

(B) such Person, in one transaction or a series of related and substantially concurrent transactions, is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, Parent or a Restricted Subsidiary of Parent;

(4) any Investment made as a result of the receipt of non-cash consideration from a Disposition of assets;

(5) any acquisition of assets or Capital Stock in exchange for the issuance of Qualifying Equity Interests;

(6) any Investments received in compromise or resolution of (A) obligations of trade creditors or customers that were incurred in the Ordinary Course of Business of Parent or any of its Restricted Subsidiaries, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer or (B) litigation, arbitration or other disputes;

(7) Investments represented by Hedging Obligations or made in connection therewith (including any cash collateral or other collateral that does not constitute Collateral provided to or by Parent or any of its Restricted Subsidiaries in connection with any Hedging Obligation);

(8) loans or advances to officers, directors or employees made in the Ordinary Course of Business of Parent or any Restricted Subsidiary of Parent in an aggregate principal amount not to exceed $30,000,000 at any one time outstanding;

(9) prepayment or purchase of any Loans in accordance with the terms and conditions of this Agreement;

(10) any Guarantee of Indebtedness;

(11) any Investment existing on, or made pursuant to binding commitments existing on, the Closing Date and any Investment consisting of an extension, modification or renewal of any Investment existing on, or made pursuant to a binding commitment existing on, the Closing Date; provided that the amount of any such Investment may be increased (A) as required by the terms of such Investment as in existence on the Closing Date or (B) as otherwise permitted under this Agreement;

(12) (a) Investments or commitments to make Investments existing on the date hereof and any Investments consisting of extensions, modifications or renewals of such Investments and (b) any other Investments or commitments to make Investments acquired after the Closing Date and any Investments consisting of extensions,

modifications or renewals of such Investments as a result of the acquisition by Parent or any Restricted Subsidiary of Parent of another Person, including by way of a merger, amalgamation or consolidation with or into Parent or any of its Restricted Subsidiaries in a transaction that is not prohibited by Section 6.10 after the Closing Date to the extent that such Investments were not made in contemplation of such acquisition, merger, amalgamation or consolidation and were in existence on the date of such acquisition, merger, amalgamation or consolidation;

(13) the acquisition by a Receivables Subsidiary in connection with a Qualified Receivables Transaction of Equity Interests of a trust or other Person established by such Receivables Subsidiary to effect such Qualified Receivables Transaction; and any other Investment by Parent or a Subsidiary of Parent in a Receivables Subsidiary or any Investment by a Receivables Subsidiary in any other Person in connection with a Qualified Receivables Transaction;

(14) Receivables arising in the Ordinary Course of Business, and Investment in Receivables and related assets including pursuant to a Receivables Repurchase Obligation;

(15) Investments in connection with outsourcing initiatives in the Ordinary Course of Business;

(16) Permitted Bond Hedge Transactions which constitute Investments;

(17) Investments having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value other than a reduction for all returns of principal in cash and capital dividends in cash), when taken together with all Investments made pursuant to this clause (17) that are at the time outstanding, not to exceed 30% of the Consolidated Total Assets of Parent and its Restricted Subsidiaries at the time of such Investment;

(18) Investments consisting of reimbursable extensions of credit; provided that any such Investment made pursuant to this clause (18) shall not be permitted if unreimbursed within 90 days of any such extension of credit;

(19) Investments in connection with financing any pre-delivery, progress or other similar payments relating to the acquisition of Aircraft Related Equipment;

(20) Investments in Non-Recourse Financing Subsidiaries (other than Receivables Subsidiaries in connection with Qualified Receivables Transactions), in an aggregate amount outstanding at any time not to exceed $300,000,000;

(21) Investments consisting of payments to or on behalf of any Person (including without limitation any third-party service provider) for purposes of improving or reconfiguring aircraft or Aircraft Related Equipment owned or operated by such Person in order to enhance or improve the brand under which Parent or any of its Affiliates operate, in an aggregate amount outstanding at any time not to exceed $300,000,000;

(22) Investments in travel or airline related businesses made in connection with Marketing and Service Agreements, alliance agreements, distribution agreements, agreements relating to flight training, agreements relating to insurance arrangements, agreements relating to spare parts management systems and other similar agreements which Investments under this clause (22) (excluding Investments existing on the Closing Date) shall not exceed $300,000,000 at any time outstanding;

(23) Investments consisting of payroll advances and advances for business and travel expenses in the Ordinary Course of Business;

(24) Investments made by way of any endorsement of negotiable instruments received in the Ordinary Course of Business and presented to any bank for collection or deposit;

(25) Investments consisting of stock, obligations or securities received in settlement of amounts owing to Parent or any Restricted Subsidiary in the Ordinary Course of Business or in a distribution received in respect of an Investment permitted hereunder;

(26) Investments made in Unrestricted Subsidiaries not to exceed $30,000,000 in any fiscal year in the aggregate;

(27) Investments (including through special-purpose subsidiaries or Unrestricted Subsidiaries) in fuel and credit card consortia and in connection with agreements with respect to fuel consortia, credit card consortia and fuel supply and sales, in each case, in the Ordinary Course of Business;

(28) Investments consisting of advances and loans to Affiliates of Parent or any of its Restricted Subsidiaries, in an aggregate amount outstanding at any time not to exceed $300,000,000;

(29) Investments made in Excluded Subsidiaries consistent with past practice and not to exceed $30,000,000 per fiscal year in the aggregate;

(30) Guarantees incurred in the Ordinary Course of Business of obligations that do not constitute Indebtedness of any regional air carrier doing business with any of Parent's Restricted Subsidiaries in connection with the regional air carrier's business with such Restricted Subsidiary; advances to airport operators of landing fees and other customary airport charges for carriers on behalf of which Parent or any of its Restricted Subsidiaries provides ground handling services;

(31) so long as no Default or Event of Default has occurred and is continuing, any Investment by Parent and/or any Restricted Subsidiary of Parent;

(32) Investments consisting of guarantees of Indebtedness of any Person to the extent that such Indebtedness is incurred by such Person in connection with activities related to the business of Parent or any Restricted Subsidiary of Parent and Parent has determined that the incurrence of such Indebtedness is beneficial to the business of Parent or any of its Restricted Subsidiaries, in an aggregate amount outstanding at any time not to exceed $300,000,000; and

(33) ownership by each of Parent and its Restricted Subsidiaries of the Capital Stock of each of its wholly-owned Subsidiaries.

"*Permitted Liens*" shall mean:

(1) Liens held by the Collateral Agent or trustee (as applicable) securing Obligations;

(2) Liens securing Junior Secured Debt; provided that such Liens shall (x) rank junior to the Liens in favor of the Collateral Agent securing the Obligations and (y) be subject to any Intercreditor Agreement or any Other Intercreditor Agreement;

(3) Liens for taxes, assessments or governmental charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings promptly instituted and diligently pursued; provided that any reserve or other appropriate provision as is required in conformity with GAAP has been made therefor;

(4) Liens imposed by law, including carriers', vendors', materialmen's, warehousemen's, landlord's, mechanics', repairmen's, employees' or other like Liens, in each case, incurred in the Ordinary Course of Business;

(5) Liens arising by operation of law in connection with judgments, attachments or awards which do not constitute an Event of Default hereunder;

(6) Liens created for the benefit of (or to secure) the Obligations or any Guaranty Obligations;

(7) Liens on Receivables and related assets of the type specified in the definition of "Qualified Receivables Transaction," incurred in connection with a Qualified Receivables Transaction;

(8) (A) any overdrafts and related liabilities arising from treasury, netting, depository and cash management services or in connection with any automated clearing house transfers of funds, in each case as it relates to cash or Cash Equivalents, if any, and (B) Liens arising by operation of law or that are contractual rights of set-off in favor of the depository bank or securities intermediary in respect of the Letter of Credit Account or the Collateral Proceeds Account;

(9) licenses, sublicenses, leases and subleases by any Grantor as they relate to any aircraft, airframe, engine or any other Additional Collateral and to the extent (A) such licenses, sublicenses, leases or subleases do not interfere in any material respect with the business of Parent and its Restricted Subsidiaries, taken as a whole, and in each case, such license, sublicense, lease or sublease is to be subject to the Liens granted to the Collateral Agent pursuant to the Collateral Documents or (B) otherwise expressly permitted by the Collateral Documents;

(10) mortgages, easements (including, without limitation, reciprocal easement agreements and utility agreements), rights of way, covenants, reservations, encroachments, land use restrictions, encumbrances or other similar matters and title defects, in each case as they relate to Real Property Assets, which (A) do not interfere materially with the ordinary conduct of the business of Parent and its Subsidiaries, taken as a whole, or their utilization of such property, (B) do not materially detract from the value of the property to which they attach or materially impair the use thereof to Parent and its Subsidiaries, taken as a whole and (C) do not materially adversely affect the marketability of the applicable property;

(11) salvage or similar rights of insurers, in each case as it relates to any aircraft, airframe, engine, Spare Parts or any Additional Collateral, if any;

(12) in each case as it relates to any aircraft, Liens on appliances, parts, components, instruments, appurtenances, furnishings and other equipment installed on such aircraft and separately financed by a Grantor, to secure such financing;

(13) Liens incurred in the Ordinary Course of Business of Parent or any Restricted Subsidiary of Parent with respect to obligations that do not exceed in the aggregate $30,000,000 at any one time outstanding;

(14) Liens on Collateral directly resulting from (x) any Disposition permitted under Section 6.04 or (y) any sale of such Collateral in compliance with Section 6.04;

(15) any Transfer Restriction that applies to the transfer or assignment (other than the pledge, grant or creation of a security interest or mortgage) of any asset, right or property constituting Collateral;

(16) with respect to engines (including spare engines) or parts (including spare parts), Liens relating to any pooling, exchange, interchange, borrowing or maintenance servicing agreement or arrangement entered into in the Ordinary Course of Business;

(17) with respect to spare parts (including Spare Parts), purchase money security interest Liens held by a vendor for goods purchased from such vendor, in each case arising in the Ordinary Course of Business and for which the Borrower or the applicable Grantor pays such vendor within 60 days of such purchase;

(18) Liens on Collateral permitted by any of the Collateral Documents;

(19) Liens securing Pari Passu Senior Secured Debt; provided that such Liens shall (x) rank *pari passu* with the Liens in favor of the Collateral Agent securing the Obligations and (y) be subject to any Intercreditor Agreement or any Other Intercreditor Agreement;

(20) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods in the Ordinary Course of Business;

(21) in the case of any leased real property, any interest or title of the lessor thereof;

(22) Liens of creditors of any Person to whom Parent's or any of its Restricted Subsidiaries' assets constituting Collateral of the type described in clause (b), (c), (d), (e), (f) or (g) of the definition of "Additional Collateral" are consigned for sale in the Ordinary Course of Business, so long as such Liens of such creditors are subject and subordinate to the Liens of the Collateral Agent on such Collateral;

(23) Liens on Pledged Slots attributable to any Slot Arrangement or to the usage of any Slot by the Borrower or an Affiliate of the Borrower;

(24) Liens on Slots constituting Collateral attributable to any Slot Arrangement; provided that such Liens are required to be released or will cease to be effective upon the termination or expiration of such Slot Arrangement;

(25) Liens arising from precautionary UCC and similar financing statements relating to Operating Leases not otherwise prohibited under any Loan Document; and

(26) Liens on Ground Service Equipment constituting Collateral solely to the extent attributable to the possession or use of such Ground Service Equipment constituting Collateral by Parent or any Subsidiary of Parent, so long as such Liens are subject and subordinate to the Lien of the Collateral Agent on such Collateral.

"*Permitted Person*" shall have the meaning set forth in the definition of "*Change of Control*."

"*Permitted Refinancing Indebtedness*" shall mean any Indebtedness (or commitments in respect thereof) of Parent or any of its Restricted Subsidiaries incurred in exchange for, or the net proceeds of which are used to renew, refund, extend, refinance, replace, defease or discharge all or a portion of other Indebtedness of any of Parent or any of its Restricted Subsidiaries (other than intercompany Indebtedness); provided that:

(1) the principal amount (or accreted value, if applicable) of such Permitted Refinancing Indebtedness does not exceed the original principal amount (or accreted value, if applicable) when initially incurred of the Indebtedness renewed, refunded, extended, refinanced, replaced, defeased or discharged (plus all accrued interest on the Indebtedness (whether or not capitalized or accreted or payable on a current basis) and the amount of all fees and expenses, including premiums, incurred in connection therewith (such original principal amount plus such amounts described above, collectively, for purposes of this clause (1), the "*preceding amount*")); provided that with respect to any such Permitted Refinancing Indebtedness that is refinancing secured Indebtedness and is secured by the same collateral, the principal amount (or accreted value, if applicable) of such Permitted Refinancing Indebtedness shall not exceed the greater of the preceding amount and the Fair Market Value of the assets securing such Permitted Refinancing Indebtedness (which Fair Market Value may, at the time of an advance commitment, be determined to be the Fair Market Value at the time of such commitment or (at the option of the issuer of such Indebtedness) the Fair Market Value projected for the time of incurrence of such Indebtedness);

(2) if such Permitted Refinancing Indebtedness has a maturity date that is after the Term Loan Maturity Date (with any amortization payment comprising such Permitted Refinancing Indebtedness being treated as maturing on its amortization date), such Permitted Refinancing Indebtedness has a Weighted Average Life to Maturity that is (A) equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness being renewed, refunded, extended, refinanced, replaced, defeased or discharged or (B) more than 60 days after the Term Loan Maturity Date;

(3) if the Indebtedness being renewed, refunded, extended, refinanced, replaced, defeased or discharged is subordinated in right of payment to the Loans, such Permitted Refinancing Indebtedness is subordinated in right of payment to the Loans on terms at least as favorable to the Lenders as those contained in the documentation governing the Indebtedness being renewed, refunded, extended, refinanced, replaced, defeased or discharged; and

(4) notwithstanding that the Indebtedness being renewed, refunded, refinanced, extended, replaced, defeased or discharged may have been repaid or discharged by Parent or any of its Restricted Subsidiaries prior to the date on which the new Indebtedness is incurred, Indebtedness that otherwise satisfies the requirements of this definition may be designated as Permitted Refinancing Indebtedness so long as such renewal, refunding, refinancing, extension, replacement, defeasance or discharge occurred not more than 36 months prior to the date of such incurrence of Permitted Refinancing Indebtedness.

"*Permitted Warrant Transaction*" shall mean any call option, warrant or right to purchase (or substantively equivalent derivative transaction) on Parent's common stock sold by Parent substantially concurrently with any purchase of a related Permitted Bond Hedge Transaction.

"*Person*" shall mean any person, including any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization, limited liability company, government or any agency or political subdivision thereof or other entity and, for the avoidance of doubt, includes the DOT, the FAA, any Airport Authority, any Foreign Aviation Authority and any other Governmental Authority.

"*Plan*" shall mean any "employee benefit plan" (other than a "multiemployer plan" as defined in Section 4001(a)(3) of ERISA), that is maintained or is contributed to by the Borrower or any ERISA Affiliate and that is a pension plan subject to the provisions of Title IV of ERISA, Sections 412 or 430 of the Code or Section 302 of ERISA.

"*Pledged Foreign Gate Leaseholds*" shall mean, as of any date, the Foreign Gate Leaseholds included in the Collateral as of such date, if any.

"*Pledged Gate Leaseholds*" shall mean, as of any date, the Gate Leaseholds included in the Collateral as of such date, if any.

"*Pledged Route Authorities*" shall mean, as of any date, the Route Authorities included in the Collateral as of such date, if any.

"*Pledged Slots*" shall mean, as of any date, the Slots included in the Collateral as of such date, if any.

"*Pledged Spare Parts*" shall have the meaning set forth in the Spare Parts Security Agreement.

"*Precedent SGR Appraisal*" shall mean that certain appraisal dated as of April 8, 2015 and delivered in connection with that certain Amended and Restated Credit and Guaranty Agreement, dated as of April 20, 2015 by and among the Parent, Borrower and Citibank N.A., as administrative agent and collateral agent.

"*Prime Rate*" shall mean the rate of interest last quoted by The Wall Street Journal as the "Prime Rate" in the U.S. or, if The Wall Street Journal ceases to quote such rate, the highest per annum interest rate published by the Federal Reserve Board in Federal Reserve Statistical Release H.15 (519) (Selected Interest Rates) as the "bank prime loan" rate or, if such rate is no longer quoted therein, any similar rate quoted therein (as determined by the Administrative Agent) or any similar release by the Federal Reserve Board (as determined by the Administrative Agent).

"*QEC Kits*" shall mean the quick engine change kits owned by Parent or any of its Restricted Subsidiaries.

"*Qualified Receivables Transaction*" shall mean any transaction or series of transactions entered into by Parent or any of its Subsidiaries pursuant to which Parent or any of its Subsidiaries sells, conveys or otherwise transfers to (a) a Receivables Subsidiary or any other Person (in the case of a transfer by Parent or any of its Subsidiaries) and (b) any other Person (in the case of a transfer by a Receivables Subsidiary), or grants a security interest in, any Receivables (whether now existing or arising in the future) of Parent or any of its Subsidiaries, and any assets related thereto including, without limitation, all Equity Interests and other investments in the Receivables Subsidiary, all collateral securing such Receivables, all contracts and all guarantees or other obligations in respect of such Receivables, proceeds of such Receivables and other assets which are customarily transferred or in respect of which security interests are customarily granted in connection with asset securitization transactions involving Receivables, other than assets that constitute Collateral or proceeds of Collateral.

"*Qualified Replacement Assets*" shall mean Additional Collateral of the types described in clauses (b), (c), (d), (e), (f) and (g) of the definition of "Additional Collateral."

"*Qualifying Collateral*" shall mean Collateral other than Foreign Gate Leaseholds.

"*Qualifying Equity Interests*" shall mean Equity Interests of Parent other than Disqualified Stock.

"*Real Property Assets*" shall mean parcels of real property owned in fee by the Borrower or any other Grantor and together with, in each case, all buildings, improvements, facilities, appurtenant fixtures and equipment, easements and other property and rights incidental or appurtenant to the ownership of such parcel of real property or any leasehold interests in real property held by the Borrower or any other Grantor.

"*Receivables*" shall mean Accounts, and shall also include ticket receivables, sales of frequent flyer miles and other present and future revenues and receivables that may be the subject of a Qualified Receivables Transaction or another financing transaction.

"*Receivables Repurchase Obligation*" shall mean any obligation of a seller of Receivables in a Qualified Receivables Transaction to repurchase Receivables and related assets arising as a result of a breach of a representation, warranty or covenant or otherwise, including as a result of a Receivable or portion thereof becoming subject to any asserted defense, dispute, offset or counterclaim of any kind as a result of any action taken by, any failure to take action by or any other event relating to the seller.

"*Receivables Subsidiary*" shall mean (x) a Subsidiary of Parent which engages in no activities other than in connection with the financing or securitization of Receivables and which is designated by the Board of Directors of the Borrower or of Parent (as provided below) as a Receivables Subsidiary (a) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which (1) is guaranteed by Parent or any Restricted Subsidiary of Parent (other than comprising a pledge of the Capital Stock or other interests in such Receivables Subsidiary (an "*incidental pledge*"), and excluding any guarantees of obligations (other than the principal of, and interest on, Indebtedness) pursuant to representations, warranties, covenants and indemnities entered into in the Ordinary Course of Business in connection with a Qualified Receivables Transaction), (2) is recourse to or obligates Parent or any Restricted Subsidiary of Parent in any way other than through an incidental pledge or pursuant to representations, warranties, covenants and indemnities entered into in the Ordinary Course of Business in connection with a Qualified Receivables Transaction or (3) subjects any property or asset of Parent or any Subsidiary of Parent (other than accounts receivable and related assets as provided in the definition of "*Qualified Receivables Transaction*"), directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to representations, warranties, covenants and indemnities entered into in the Ordinary Course of Business in connection with a Qualified Receivables Transaction, (b) with which neither Parent nor any Subsidiary of Parent has any material contract, agreement, arrangement or understanding (other than pursuant to the Qualified Receivables Transaction) other than (i) on terms no less favorable to Parent or such Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of Parent, and (ii) fees payable in the Ordinary Course of Business in connection with servicing accounts receivable and (c) with which neither Parent nor any Subsidiary of Parent has any obligation to maintain or preserve such Subsidiary's financial condition, other than a minimum capitalization in customary amounts, or to cause such Subsidiary to achieve certain levels of operating results or (y) any Subsidiary of a Receivables Subsidiary. Any such designation by the Board of Directors of the Borrower or of Parent will be evidenced to the Administrative Agent by filing with the Administrative Agent a certified copy of the resolution of the Board of Directors of the Borrower or of Parent giving effect to such designation and an Officer's Certificate certifying that such designation complied with the foregoing conditions. For the avoidance of doubt, Parent and any Restricted Subsidiary of Parent may enter into Standard Securitization Undertakings for the benefit of a Receivables Subsidiary.

"*Recovery Event*" shall mean any settlement of or payment by the applicable insurer in respect of any property or casualty insurance claim or any condemnation proceeding relating to any Collateral or any Event of Loss (as defined in the related Collateral Document pursuant to which a security interest in such Collateral is granted to the Collateral Agent or trustee (as applicable), if applicable).

"*Refinanced Loans*" shall have the meaning set forth in Section 10.08(e).

"*Refinanced Revolving Loans*" shall have the meaning set forth in Section 10.08(e).

"*Refinanced Term Loans*" shall have the meaning set forth in Section 10.08(e).

"*Regional Airline*" shall mean Envoy Aviation Group Inc., Piedmont Airlines, Inc. and PSA Airlines, Inc. and their respective Subsidiaries.

"*Register*" shall have the meaning set forth in Section 10.02(b)(iv).

"*Related Parties*" shall mean, with respect to any specified Person, such Person's Affiliates and the respective directors, officers, partners, members, employees, agents and advisors of such Person and such Person's Affiliates.

"*Release*" shall have the meaning specified in Section 101(22) of the Comprehensive Environmental Response Compensation and Liability Act.

"*Replaceable Lender*" shall have the meaning set forth in Section 10.02(j).

"*Replacement Loans*" shall have the meaning set forth in Section 10.08(e).

"*Replacement Revolving Loans*" shall have the meaning set forth in Section 10.08(e).

"*Replacement Term Loans*" shall have the meaning set forth in Section 10.08(e).

"*Repricing Event*" shall mean (a) any prepayment, repayment, refinancing, substitution or replacement of all or a portion of the Class B Term Loans with the proceeds of, or any conversion of Term Loans into, any new or replacement Class of, or new facility of, syndicated term loans by the Borrower in the principal amount of the Class B Term Loans prepaid, repaid, refinanced, substituted, replaced or converted and secured by the Collateral (including Replacement Term Loans or other term loans under this Agreement) having an "effective yield," determined by the Administrative Agent in consultation with the Borrower (taking into account interest rate margin and benchmark floors, recurring fees and all upfront or similar fees or original issue discount (amortized over four years) paid to the lenders providing such Indebtedness, but excluding any arrangement, structuring, syndication or other fees payable in connection therewith that are not shared ratably with all lenders or holders of such term loans

in their capacities as lenders or holders of such term loans), less than the "effective yield" applicable to the Class B Term Loans being prepaid, repaid, refinanced, substituted, replaced or converted (determined on the same basis as provided in the preceding parenthetical) and (b) any amendment to this Agreement (including pursuant to a Replacement Term Loan or other term loans under this Agreement) to the Class B Term Loans or any tranche thereof which reduces the "effective yield" applicable to such Class B Term Loans (as determined on the same basis as provided in clause (a)), in each case only if the primary purpose of such prepayment, repayment, substitution, replacement or amendment was to reduce the "effective yield" applicable to such Class B Term Loans.

"*Required Class Lenders*" shall mean (i) with respect to any Class of Term Loans, the Term Lenders having more than 50% of all outstanding Term Loans of such Class and (ii) with respect to the Revolving Loans of a Class, the Required Revolving Lenders of such Class. The outstanding Term Loans and Term Loan Commitments of any Defaulting Lender should be disregarded for purposes of any determination with respect to a Class of Term Loans.

"*Required Lenders*" shall mean, at any time, Lenders holding more than 50% of (a) until the Closing Date, the Commitments then in effect and (b) thereafter, the sum of (i) the aggregate principal amount of all Term Loans outstanding and (ii) the Total Revolving Commitments then in effect or, if the Revolving Commitments have been terminated, the Total Revolving Extensions of Credit then outstanding. The Revolving Extensions of Credit, outstanding Loans and Commitments of any Defaulting Lender shall be disregarded in determining the "Required Lenders" at any time.

"*Required Revolving Lenders*" shall mean, at any time, Lenders holding more than 50% of the Total Revolving Commitments then in effect or, if the Revolving Commitments have been terminated, the Total Revolving Extensions of Credit then outstanding. The Revolving Extensions of Credit and Revolving Commitments of any Defaulting Lender shall be disregarded in determining the "Required Revolving Lenders" at any time.

"*Required Term Lenders*" shall mean, at any time, Lenders holding more than 50% of (a) until the Closing Date, the Term Loan Commitments then in effect and (b) thereafter, the aggregate principal amount of all Term Loans outstanding. The outstanding Term Loans and Term Loan Commitments of any Defaulting Lender shall be disregarded in determining the "Required Term Lenders" at any time.

"*Responsible Officer*" shall mean, with respect to any Person, the Chairman of the Board of Directors, the Vice Chairman of the Board of Directors, the President, the Chief Financial Officer, any Executive Vice President, any Senior Vice President, any Vice President, the Secretary, any Assistant Corporate Secretary, the Treasurer or any Assistant Treasurer.

"*Restricted Investment*" shall mean an Investment other than a Permitted Investment.

"*Restricted Payments*" shall have the meaning set forth in Section 6.01(a)(iv).

"*Restricted Subsidiary*" of a Person shall mean any Subsidiary of the referent Person that is not an Unrestricted Subsidiary.

"*Revolver Availability Date*" shall mean the date to be agreed between the Borrower and the Revolving Lenders.

"*Revolver Extension*" shall have the meaning set forth in Section 2.28(b).

"*Revolver Extension Offer*" shall have the meaning set forth in Section 2.28(b).

"*Revolver Extension Offer Date*" shall have the meaning set forth in Section 2.28(b)(i).

"*Revolving Availability Period*" shall mean the period from and including the Revolver Availability Date to but excluding the Revolving Facility Termination Date with respect to the applicable Revolving Commitments.

"*Revolving Commitment*" shall mean $0, as the same may be changed from time to time pursuant to the terms hereof.

"*Revolving Commitment Percentage*" shall mean, at any time, with respect to each Revolving Lender, the percentage obtained by dividing its Revolving Commitment at such time by the Total Revolving Commitment or, if the Revolving Commitments have been terminated, the Revolving Commitment Percentage of each Revolving Lender that existed immediately prior to such termination.

"*Revolving Extension of Credit*" shall mean, as to any Revolving Lender at any time, an amount equal to the sum of (a) the aggregate principal amount of all Revolving Loans held by such Lender then outstanding and (b) such Lender's Revolving Commitment Percentage of the LC Exposure then outstanding.

"*Revolving Facility*" shall mean the Revolving Commitments and the Revolving Loans made and Letters of Credit issued thereunder.

"*Revolving Facility Maturity Date*" shall mean, with respect to (a) Revolving Commitments that have not been extended pursuant to Section 2.28(b), a date to be agreed between the Borrower and the Revolving Lenders and (b) with respect to Extended Revolving Commitments, the final maturity date therefor as specified in the applicable Extension Offer accepted by the respective Revolving Lender or Revolving Lenders.

"*Revolving Facility Termination Date*" shall mean the earlier to occur of (a) the Revolving Facility Maturity Date with respect to the applicable Revolving Commitments, (b) the acceleration of the Loans (if any) and the termination of the Commitments in accordance with the terms hereof and (c) the termination of the applicable Revolving Commitments as a whole pursuant to Section 2.11.

"*Revolving Lender*" shall mean each Lender having a Revolving Commitment.

"*Revolving Loans*" shall have the meaning set forth in Section 2.01(a).

"*Route Authority*" shall mean any route authority (including any applicable certificate, exemption and frequency authorities, or portion thereof) granted by the DOT or any other Governmental Authority and held by any Person pursuant to any treaties or agreements entered into by any applicable Governmental Authority and as in effect from time to time that permit such Person to operate international air carrier service.

"*S&P*" shall mean Standard & Poor's, a division of The McGraw-Hill Companies, Inc.

"*Sage*" shall mean Sage Popovich, Inc.

"*Sale of a Grantor*" shall mean, with respect to any Collateral, an issuance, sale, lease, conveyance, transfer or other disposition of the Capital Stock of the applicable Grantor that owns such Collateral other than (1) an issuance of Equity Interests by a Grantor to Parent or another Restricted Subsidiary of Parent and (2) an issuance of directors' qualifying shares.

"*Scheduled Services*" shall mean, at any time of determination, each scheduled air carrier service specified in any SGR Security Agreement.

"*Screen Rate*" shall have the meaning set forth in the definition of "LIBO Rate".

"*SEC*" shall mean the United States Securities and Exchange Commission.

"*Secured Parties*" shall mean each Agent, any trustee appointed pursuant to Section 8.01(d) with respect to an Aircraft Security Agreement or Spare Engine Security Agreement, the Issuing Lenders, the Lenders and all other holders of Obligations.

"*Securities Act*" shall mean the Securities Act of 1933, as amended.

"*SGR Security Agreement*" shall mean any security agreement related to Route Authorities, Slots and/or Foreign Gate Leaseholds substantially in the form of Exhibit B hereto.

"*Significant Subsidiary*" shall mean any Restricted Subsidiary of Parent that would be a "significant subsidiary" as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated pursuant to the Securities Act, as such Regulation is in effect on the date of this Agreement.

"*Slot*" shall mean each FAA Slot and each Foreign Slot.

"*Slot Arrangement*" means any lease or sublease of, or use or license agreements with respect to, Collateral that is comprised of Pledged Slots that are pledged pursuant to the Slot Security Agreement and swap agreements or similar arrangements with respect to such Pledged Slots.

"*Slot Security Agreement*" shall mean the Slot Security Agreement, dated December 15, 2016, by and among the Borrower, as grantor, the other grantors party thereto from time to time and the Collateral Agent, or any subsequent security agreement executed and delivered to the Administrative Agent substantially in the form of Exhibit A hereto.

"*Solvent*" shall mean, with respect to any Person, that as of the date of determination, (1) the sum of such Person's debt and liabilities (including contingent and subordinated liabilities) does not exceed the fair value of such Person's present assets; (2) such Person's capital is not unreasonably small in relation to its business as contemplated on the Closing Date; (3) such Person is able to pay its debts and liabilities as they become due (whether at maturity or otherwise) and (4) the present fair saleable value of the property of such Person is greater than the amount that will be required to pay the probable liability of its debts and other liabilities, subordinated, contingent or otherwise, as such debts and other liabilities become absolute and matured. For purposes of this definition, the amount of any contingent liability at any time shall be computed as the amount that, in light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability (irrespective of whether such contingent liabilities meet the criteria for accrual under Statement of Financial Accounting Standard No. 5 or any other analogous criteria in any jurisdiction).

"*Spare Engines Security Agreement*" shall mean any security agreement related to aircraft engines substantially in the form of Exhibit K hereto.

"*Spare Parts*" shall mean any and all appliances, parts, instruments, appurtenances, accessories, avionics, furnishings, seats and other equipment of whatever nature which are of the type of aircraft spare parts other than any QEC Kits, excluding any such spare parts to the extent installed on any aircraft or engine from time to time.

"*Spare Parts Facility Appraisal*" shall mean that certain appraisal, dated March 10, 2016 and delivered in connection with that certain Credit and Guaranty Agreement, dated as of April 29, 2016 by and among the Parent, Borrower and Barclays Bank PLC, as administrative agent and collateral agent.

"*Spare Parts Locations*" shall have the meaning set forth in the Spare Parts Security Agreement.

"*Spare Parts Security Agreement*" shall mean any security agreement related to Spare Parts substantially in the form of Exhibit D hereto.

"*Specified Real Property Assets*" shall mean the Real Property Assets for which an Appraised Value was determined and set forth in the Initial Appraisal.

"*Standard Securitization Undertakings*" shall mean all representations, warranties, covenants, indemnities, performance Guarantees and servicing obligations entered into by Parent or any Subsidiary (other than a Receivables Subsidiary), which are customary in connection with any Qualified Receivables Transaction.

"*Stated Maturity*" shall mean, with respect to any installment of interest or principal on any series of Indebtedness, the date on which the payment of interest or principal was scheduled to be paid in the documentation governing such Indebtedness as of the Closing Date, and will not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

"*Statutory Reserve Rate*" shall mean a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve percentages (including any marginal, special, emergency or supplemental reserves) expressed as a decimal established by the Board to which the Administrative Agent is subject with respect to the LIBO Rate, for eurocurrency funding (currently referred to as "Eurocurrency Liabilities" in Regulation D of the Board). Such reserve percentages shall include those imposed pursuant to such Regulation D. Eurodollar Loans shall be deemed to constitute eurocurrency funding and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under such Regulation D or any comparable regulation. The Statutory Reserve Rate shall be adjusted automatically on and as of the effective date of any change in reserve percentage.

"*Subject Company*" shall have the meaning set forth in Section 6.10(a).

"*Subsidiary*" shall mean, with respect to any Person:

(1) any corporation, association or other business entity (other than a partnership, joint venture or limited liability company) of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency and after giving effect to any voting agreement or stockholders' agreement that effectively transfers voting power) to vote in the election of directors, managers or trustees of the corporation, association or other business entity is at the time of determination owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of such Person (or a combination thereof); and

(2) any partnership, joint venture or limited liability company of which (A) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general and limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of such Person or a combination thereof, whether in the form of membership, general, special or limited partnership interests or otherwise and (B) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

"*Swap Obligation*" shall mean, with respect to any Guarantor, any obligation to pay or perform under any agreement, contract or transaction that constitutes a "swap" within the meaning of Section 1a(47) of the Commodity Exchange Act.

"*Syndication Agent*" shall have the meaning set forth in the preamble to this Agreement.

"*System Value*" shall have the meaning set forth in the Spare Parts Security Agreement.

"*Taxes*" shall mean any and all present or future taxes, levies, imposts, duties, assessments, fees, deductions, charges or withholdings imposed by any Governmental Authority including any interest, additions to tax or penalties applicable thereto.

"*Temporary FAA Slot*" shall mean an FAA Slot that was obtained by any Grantor from another air carrier pursuant to an agreement (including but not limited to a loan agreement, lease agreement, slot exchange agreement or slot release agreement) and is held by such Grantor on a temporary basis.

"*Temporary Foreign Slot*" shall mean a Foreign Slot that was obtained by any Grantor from another air carrier pursuant to an agreement (including but not limited to a loan agreement, lease agreement, slot exchange agreement or a slot release agreement) and is held by such Grantor on a temporary basis.

"*Temporary Slot*" shall mean any Temporary FAA Slot or any Temporary Foreign Slot and any FAA Slot or Foreign Slot subject to a Transfer Restriction, in each case, for so long as such Transfer Restriction is in effect.

"*Term B Lender*" shall mean each Term Lender having a Term Loan Commitment with respect to the Class B Term Loans or, as the case may be, an outstanding Class B Term Loan.

"*Term Lender*" shall mean each Lender having a Term Loan Commitment or, as the case may be, an outstanding Term Loan.

"*Term Loan*" shall mean the Class B Term Loans and any other Class of Term Loan hereunder.

"*Term Loan Commitment*" shall mean the commitment of each Term Lender to make (or, in the case of each Converting 2013 Lender, to continue and convert) Term Loans hereunder and, in the case of the Class B Term Loans, in an aggregate principal amount not to exceed the amount set forth under the heading "Class B Term Loan Commitment" opposite its name in the Annex A hereto or in the Assignment and Acceptance pursuant to which such Term Lender became a party hereto, as the same may be changed from time to time pursuant to the terms hereof. The aggregate amount of the Term Loan Commitments as of the Closing Date is $1,250,000,000. The Term Loan Commitments as of the Closing Date are for Class B Term Loans.

"*Term Loan Extension*" shall have the meaning set forth in Section 2.28(a).

"*Term Loan Extension Offer*" shall have the meaning set forth in Section 2.28(a).

"*Term Loan Facility*" shall mean the Term Loan Commitments and the Term Loans made thereunder.

"*Term Loan Maturity Date*" shall mean, with respect to (a) Class B Term Loans that have not been extended pursuant to Section 2.28, December 14, 2023 and (b) with respect to Extended Term Loans, the final maturity date therefor as specified in the applicable Extension Offer accepted by the respective Term Lenders (as the same may be further extended pursuant to Section 2.28).

"*Term Loan Termination Date*" shall mean the earlier to occur of (a) the Term Loan Maturity Date and (b) the acceleration of the Term Loans in accordance with the terms hereof.

"*Termination Date*" shall mean (i) with respect to the Revolving Loans, the Revolving Facility Termination Date applicable to the related Revolving Commitments and (ii) with respect to the Term Loans, the Term Loan Termination Date.

"*Title 14*" shall mean Title 14 of the United States Code of Federal Regulations, including Part 93, Subparts K and S thereof, as amended from time to time or any subsequent regulation that amends, supplements or supersedes such provisions.

"*Title 49*" shall mean Title 49 of the United States Code, which, among other things, recodified and replaced the U.S. Federal Aviation Act of 1958, and the rules and regulations promulgated pursuant thereto, as amended from time to time or any subsequent legislation that amends, supplements or supersedes such provisions.

"*Total Obligations*" shall have the meaning provided in the definition of "*Collateral Coverage Ratio*."

"*Total Revolving Commitment*" shall mean, at any time, the sum of the Revolving Commitments at such time.

"*Total Revolving Extensions of Credit*" shall mean, at any time, the aggregate amount of the Revolving Extensions of Credit of the Revolving Lenders outstanding at such time.

"*Transactions*" shall mean the execution, delivery and performance by the Borrower and Guarantors of this Agreement and the other Loan Documents to which they may be a party, the creation of the Liens in the Collateral in favor of the Collateral Agent for the benefit of the Secured Parties, the borrowing of Loans and the use of the proceeds thereof, and the request for and issuance of Letters of Credit hereunder.

"*Transfer Restriction*" shall mean, with respect to any grant of a security interest in any Slots, Route Authorities or Gate Leaseholds, any prohibition, restriction or consent requirement, whether arising under contract, applicable law, rule or regulation, or otherwise, relating to the transfer or assignment by a Grantor of, or the pledge, grant, or creation by a Grantor of a security interest or mortgage in, any right, title or interest in any asset, right or property, or any claim, right or benefit arising thereunder or resulting therefrom, if any such transfer or assignment thereof (or any pledge, grant or creation of a security interest or mortgage therein) or any attempt to so transfer, assign, pledge, grant or create, in contravention or violation of any such prohibition or restriction or without any required consent of any Person would (i) constitute a violation of the terms under which such Grantor was granted such right, title or interest or give rise to a default, breach, right of recoupment, claim, defense, termination, right of termination or remedy with respect thereto, (ii) entitle any Governmental Authority or other Person to terminate or suspend any such right, title or interest (or such Grantor's interest in any agreement or license related thereto), or (iii) be prohibited by or violate any applicable law, rule or regulation, except, in any case, to the extent such "Transfer Restriction" shall be rendered

ineffective (both to the extent that it (x) prohibits, restricts or requires consent and (y) gives rise to a default, breach, right of recoupment, claim, defense, termination, right of termination or remedy) by virtue of any applicable law, including, but not limited to Sections 9-406, 9-407, 9-408 or 9-409 of the NY UCC, to the extent applicable (or any corresponding sections of the UCC in a jurisdiction other than the State of New York to the extent applicable).

"*Type*," when used in reference to any Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans comprising such Borrowing, is determined by reference to the LIBO Rate or the Alternate Base Rate and when used in reference to any Commitment, refers to whether such Commitment is a Revolving Commitment or a Term Loan Commitment.

"*UCC*" shall mean the Uniform Commercial Code as in effect from time to time in any applicable jurisdiction.

"*United States*" or "*U.S.*" shall mean the United States of America.

"*United States Citizen*" shall have the meaning set forth in Section 3.02.

"*Unrestricted Subsidiary*" shall mean any Subsidiary of Parent (other than the Borrower) that is designated by Parent as an Unrestricted Subsidiary in compliance with Section 5.05 or any Subsidiary of an Unrestricted Subsidiary, but only if such Subsidiary:

(1) has no Indebtedness other than Non-Recourse Debt;

(2) except as permitted by Section 6.05, is not party to any agreement, contract, arrangement or understanding with Parent or any Restricted Subsidiary of Parent unless the terms of any such agreement, contract, arrangement or understanding are no less favorable to Parent or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of Parent;

(3) is a Person with respect to which neither Parent nor any of its Restricted Subsidiaries has any direct or indirect obligation (A) to subscribe for additional Equity Interests or (B) to maintain or preserve such Person's financial condition or to cause such Person to achieve any specified levels of operating results;

(4) has not guaranteed or otherwise directly or indirectly provided credit support for any Indebtedness of Parent or any of its Restricted Subsidiaries; and

(5) does not own any assets or properties that constitute Collateral.

"*Unused Total Revolving Commitment*" shall mean, at any time, (a) the Total Revolving Commitment less (b) the Total Revolving Extensions of Credit.

"*Upfront Fee*" shall have the meaning set forth in Section 2.20(b).

"*US Airways*" shall mean US Airways, Inc., a Delaware corporation, which merged with and into the Borrower with the Borrower as the surviving entity.

"*US Airways Closing Date*" shall mean May 24, 2013.

"*US Airways Indenture*" shall mean the Indenture, dated as of May 24, 2013, between US Airways and Wilmington Trust, National Association, as trustee, as amended or supplemented from time to time.

"*Use or Lose Rule*" shall mean with respect to Slots, any applicable utilization requirements issued by the FAA, other Governmental Authorities, any Foreign Aviation Authorities or any Airport Authorities.

"*Voting Stock*" of any specified Person as of any date shall mean the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

"*Weighted Average Life to Maturity*" shall mean, when applied to any Indebtedness at any date, the number of years obtained by dividing:

(1) the sum of the products obtained by multiplying (A) the amount of each then remaining Installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect of the Indebtedness, by (B) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by

(2) the then outstanding principal amount of such Indebtedness.

"*Withholding Agent*" shall mean any of the Borrower, a Guarantor and the Administrative Agent.

"*Working Capital*" shall mean, as of any date, (i) the current assets (excluding cash and Cash Equivalents) of Parent minus (ii) the current liabilities of Parent (other than the current portion of long term debt), in each case, determined on a consolidated basis and otherwise, in accordance with GAAP as of such date.

"*Write-Down and Conversion Powers*" means, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

"*Yield Differential*" shall have the meaning set forth in Section 2.27(c)(iv).

SECTION 1.02 Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation." The word "will" shall be construed to have the same meaning and effect as the word "shall." Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, restated, supplemented,

extended, amended and restated or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person's permitted successors and assigns, (c) the words "herein," "hereof" and "hereunder," and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement, unless expressly provided otherwise, (e) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights and (f) "knowledge" or "aware" or words of similar import shall mean, when used in reference to the Borrower or the Guarantors, the actual knowledge of any Responsible Officer of the Borrower or such Guarantors, as applicable.

SECTION 1.03 Accounting Terms; GAAP. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided that, if the Borrower notifies the Administrative Agent that the Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies the Borrower that the Required Lenders or Required Class Lenders, as applicable, request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith. Upon any such request for an amendment, the Borrower, the Required Lenders and the Administrative Agent agree to consider in good faith any such amendment in order to amend the provisions of this Agreement so as to reflect equitably such accounting changes so that the criteria for evaluating Parent's consolidated financial condition shall be the same after such accounting changes as if such accounting changes had not occurred.

ARTICLE II

AMOUNT AND TERMS OF CREDIT

SECTION 2.01 Commitments of the Lenders; Term Loans.

(a) *Revolving Commitments*.

(i) Each Revolving Lender severally, and not jointly with the other Revolving Lenders, agrees, upon the terms and subject to the conditions herein set forth, to make revolving credit loans denominated in Dollars (each a "*Revolving Loan*" and collectively, the "*Revolving Loans*") to the Borrower at any time and from time to time during the Revolving Availability Period in an aggregate principal amount not to exceed, when added to such Revolving Lender's LC Exposure, the Revolving Commitment of such Revolving Lender, which Revolving Loans may be repaid and reborrowed in accordance with the provisions of this Agreement. At no time shall the sum of the then outstanding aggregate principal amount of the Revolving Loans plus the LC Exposure exceed the Total Revolving Commitment.

(ii) Each Borrowing of a Revolving Loan shall be made from the Revolving Lenders pro rata in accordance with their respective Revolving Commitments; provided, however, that the failure of any Revolving Lender to make any Revolving Loan shall not in itself relieve the other Revolving Lenders of their obligations to lend.

(b) *Closing Date Term Loan Commitments*. Each Term B Lender severally, and not jointly with the other Term B Lenders, agrees, upon the terms and subject to the conditions herein set forth, to make a term loan denominated in Dollars or, in the case of each Converting 2013 Lender, to continue and convert its Existing B1 Term Loan as a term loan hereunder (each a "*Class B Term Loan*" and collectively the "*Class B Term Loans*") to the Borrower on the Closing Date in an aggregate principal amount not to exceed the Term Loan Commitment for Class B Term Loans of such Term B Lender, which Class B Term Loans shall constitute Term Loans for all purposes of this Agreement and shall be repaid in accordance with the provisions of this Agreement. Any amount borrowed under this Section 2.01(b) and subsequently repaid or prepaid may not be reborrowed. Each Term B Lender's Term Loan Commitment for Class B Term Loans shall terminate immediately and without further action on the Closing Date after giving effect to the funding by such Term B Lender of the Class B Term Loans to be made by it on such date.

(c) *Type of Borrowing*. Each Borrowing shall be comprised entirely of ABR Loans or Eurodollar Loans as the Borrower may request in accordance herewith. Each Lender at its option may make any Eurodollar Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan; provided that any exercise of such option shall not affect the obligation of the Borrower to repay such Loan in accordance with the terms of this Agreement. There may be multiple Borrowings incurred, converted or continued on the same day.

(d) *Amount of Borrowing*. At the commencement of each Interest Period for any Eurodollar Borrowing, such Borrowing shall be in an aggregate amount that is in an integral multiple of $1,000,000 and not less than $1,000,000. At the time that each ABR Borrowing is made, such Borrowing shall be in an aggregate amount that is an integral multiple of $100,000 and not less than $1,000,000; provided that an ABR Borrowing may be in an aggregate amount that is equal to the entire Unused Total Revolving Commitment or that is required to finance the reimbursement of an LC Disbursement as contemplated by Section 2.02(e). Borrowings of more than one Type may be outstanding at the same time.

(e) *Limitation on Interest Period*. Notwithstanding any other provision of this Agreement, the Borrower shall not be entitled to request, or to elect to convert or continue, (i) any Borrowing of a Revolving Loan if the Interest Period requested with respect thereto would end after the Revolving Facility Maturity Date with respect to the applicable Revolving Commitments or (ii) any Borrowing of a Term Loan if the Interest Period requested with respect thereto would end after the applicable Term Loan Maturity Date.

SECTION 2.02 Letters of Credit.

(a) *LC Commitment*. Subject to the terms and conditions set forth herein, the Borrower may request the issuance of and (subject to the representation in the second sentence of clause (b) below being true and correct) each Issuing Lender agrees to issue Letters of Credit in Dollars upon request of the Borrower at any time and from time to time from the Revolver Availability Date to but excluding the date that is five (5) Business Days prior to the Revolving Facility Maturity Date, for the Borrower's own account or the account of any other Subsidiary of Parent; provided that no Issuing Lender shall issue (or amend, renew or extend) any Letter of Credit if, after giving effect to such issuance (or amendment, renewal or extension), (i) the LC Exposure in respect of Letters of Credit issued by it would exceed its LC Commitment or (ii) the aggregate amount of the Unused Total Revolving Commitment would be less than zero.

(b) *Notice of Issuance, Amendment, Renewal, Extension*. The Borrower may request the issuance of a Letter of Credit (or the amendment, renewal or extension of an outstanding Letter of Credit) by delivering (i) written Letter of Credit Request or (ii) hand deliver or telecopy (or transmit by electronic communication, if arrangements for doing so have been approved by the applicable Issuing Lender (which approval shall not be unreasonably withheld, delayed or conditioned)) to the applicable Issuing Lender and the Administrative Agent (at least two (2) Business Days in advance of the requested date of issuance, amendment, renewal or extension) a written Letter of Credit Request requesting the issuance of a Letter of Credit, or identifying the Letter of Credit to be amended, renewed or extended, and specifying (1) the date of issuance, amendment, renewal or extension (which shall be a Business Day), (2) the date on which such Letter of Credit is to expire (which shall comply with paragraph (c) of this Section 2.02), (3) the amount of such Letter of Credit, (4) the name and address of the beneficiary thereof and (5) such other information as shall be necessary to prepare, amend, renew or extend such Letter of Credit. Upon the issuance, amendment, renewal or extension of each Letter of Credit, the Borrower shall be deemed to represent and warrant that, after giving effect to such issuance, amendment, renewal or extension, (x) the LC Exposure shall not exceed the LC Commitment and (y) the aggregate amount of the Unused Total Revolving Commitment shall not be less than zero. If requested by the applicable Issuing Lender, the Borrower also shall submit a letter of credit application on such Issuing Lender's standard form in connection with any request for a Letter of Credit; provided that, to the extent such standard form (and/or any related reimbursement agreement) is inconsistent with the Loan Documents, the Loan Documents shall control. Upon receipt of a written notice from the Administrative Agent that the applicable conditions in Section 4.02 have been satisfied, the Issuing Lender shall issue the requested Letter of Credit in accordance with its usual and customary procedures. In the event of any inconsistency between the terms and conditions of this Agreement and the terms and conditions of any form of letter of credit application or other agreement submitted by the Borrower to, or entered into by the Borrower with, an Issuing Lender relating to any Letter of Credit, the terms and conditions of this Agreement shall control.

(c) *Expiration Date*. Each Letter of Credit shall expire at or prior to the close of business on the earlier of (i) the date that is (x) one year after the date of the issuance of such Letter of Credit (or, in the case of any renewal or extension thereof, one year after such renewal or extension) or (y) such later date as may be agreed by the Borrower and the Issuing Lender, and (ii) the date that is five (5) Business Days prior to the Revolving Facility Maturity Date with

respect to the applicable Revolving Commitments (provided that, to the extent that all of the participations in such Letter of Credit held by the holders of such Revolving Commitments have been re-allocated or Cash Collateralized pursuant to the terms of any Extension Amendment, such Revolving Commitments shall be disregarded for purposes of this clause (ii)).

(d) *Participations*. By the issuance of a Letter of Credit (or an amendment, renewal or extension of a Letter of Credit, including any amendment increasing the amount thereof), and without any further action on the part of the applicable Issuing Lender or the Revolving Lenders, such Issuing Lender hereby grants to each Revolving Lender (other than such Issuing Lender), and each Revolving Lender (other than such Issuing Lender) hereby acquires from such Issuing Lender, a participation in such Letter of Credit equal to such Revolving Lender's Revolving Commitment Percentage of the amount available to be drawn under such Letter of Credit. In consideration and in furtherance of the foregoing, each Revolving Lender (other than the applicable Issuing Lender) hereby absolutely and unconditionally agrees to pay to the Administrative Agent, for the account of such Issuing Lender, such Revolving Lender's Revolving Commitment Percentage of the amount of each LC Disbursement made by such Issuing Lender and not reimbursed by the Borrower on the date due as provided in Section 2.02(e), or of any reimbursement payment required to be refunded to the Borrower for any reason. Each Revolving Lender (other than the applicable Issuing Lender) acknowledges and agrees that its obligation to acquire participations pursuant to this paragraph in respect of Letters of Credit is absolute and unconditional and shall not be affected by any circumstance whatsoever, including any amendment, renewal or extension of any Letter of Credit or the occurrence of an Event of Default or reduction or termination of the Revolving Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever.

(e) *Reimbursement*.

(i) If an Issuing Lender shall make any LC Disbursement in respect of a Letter of Credit, the Borrower shall reimburse such LC Disbursement (whether or not such Letter of Credit was issued for the Borrower's own account or in its name for the account or name of any other Subsidiary of the Parent) by paying to the Administrative Agent an amount equal to the amount of such LC Disbursement not later than the first Business Day following the date the Borrower receives notice from the Issuing Lender of such LC Disbursement; provided that, in the case of any LC Disbursement, to the extent not reimbursed and, subject to the satisfaction (or waiver) of the conditions to borrowing set forth herein, including, without limitation, making a request in accordance with Section 2.03(a) that such payment shall be financed with a Borrowing of ABR Revolving Loans, as the case may be, in an equivalent amount, to the extent so financed, the Borrower's obligation to make such payment shall be discharged and replaced by the resulting Borrowing of ABR Revolving Loans.

(ii) If the Borrower fails to make any payment due under the preceding paragraph (i) with respect to a Letter of Credit when due (including by a Borrowing), the Administrative Agent shall notify each Revolving Lender of the applicable LC Disbursement, the payment then due from the Borrower in respect thereof and such Revolving Lender's Revolving Commitment Percentage thereof. Promptly following

receipt of such notice, each Revolving Lender shall pay to the Administrative Agent its Revolving Commitment Percentage of the payment then due from the Borrower, in the same manner as provided in Section 2.04 with respect to Revolving Loans made by such Revolving Lender (and Section 2.04 shall apply, *mutatis mutandis*, to the payment obligations of the Revolving Lenders), and the Administrative Agent shall promptly pay to the Issuing Lender the amounts so received by it from the Revolving Lenders. Promptly following receipt by the Administrative Agent of any payment from the Borrower pursuant to this Section 2.02(e) with respect to any LC Disbursement, the Administrative Agent shall distribute such payment to the applicable Issuing Lender or, to the extent that Revolving Lenders have made payments pursuant to this paragraph to reimburse such Issuing Lender, then to such Revolving Lenders and such Issuing Lender as their interests may appear. Any payment made by a Revolving Lender pursuant to this paragraph to reimburse the applicable Issuing Lender for any LC Disbursement (other than the funding of ABR Loans as contemplated above) shall not constitute a Revolving Loan and shall not relieve the Borrower of its obligation to reimburse such LC Disbursement.

(f) *Obligations Absolute*. The Borrower's obligation to reimburse LC Disbursements as provided in Section 2.02(e) shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement under any and all circumstances whatsoever and irrespective of (i) any lack of validity or enforceability of any Letter of Credit or this Agreement, or any term or provision therein or herein, (ii) any draft or other document presented under a Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect, (iii) payment by the applicable Issuing Lender under a Letter of Credit against presentation of a draft or other document that does not comply strictly with the terms of such Letter of Credit or (iv) any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section 2.02, constitute a legal or equitable discharge of, or provide a right of setoff against, the Borrower's obligations hereunder. Neither the Administrative Agent, the Revolving Lenders, nor the applicable Issuing Lender, nor any of their Related Parties, shall have any liability or responsibility by reason of or in connection with the issuance or transfer of any Letter of Credit or any payment or failure to make any payment thereunder (irrespective of any of the circumstances referred to in the preceding sentence), or any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit (including any document required to make a drawing thereunder), any error in interpretation of technical terms or any consequence arising from causes beyond the control of the applicable Issuing Lender. Nothing in the preceding two sentences shall be construed to excuse an Issuing Lender from liability to the Borrower to the extent of any direct damages (as opposed to consequential damages, claims in respect of which are hereby waived by the Borrower to the extent permitted by applicable law) suffered by the Borrower (i) that are caused by such Issuing Lender's failure to exercise care when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof or (ii) that result from such Issuing Lender's willful or grossly negligent failure to pay under any Letter of Credit after the presentation to it by the beneficiary of a sight draft and certificate(s) strictly complying with the terms and conditions of such Letter of Credit (as finally determined by a court of competent jurisdiction). The parties hereto expressly agree that, in the absence of gross negligence, bad faith or willful misconduct on the part of the applicable Issuing Lender (as

finally determined by a court of competent jurisdiction), the applicable Issuing Lender shall be deemed to have exercised care in each such determination. In furtherance of the foregoing and without limiting the generality thereof, the parties agree that, with respect to documents presented which appear on their face to be in substantial compliance with the terms of a Letter of Credit, the applicable Issuing Lender may, in its sole discretion, either accept and make payment upon such documents without responsibility for further investigation, regardless of any notice or information to the contrary, or refuse to accept and make payment upon such documents if such documents are not in strict compliance with the terms of such Letter of Credit.

(g) *Disbursement Procedures*. The applicable Issuing Lender shall, promptly following its receipt thereof, examine all documents purporting to represent a demand for payment under a Letter of Credit. The applicable Issuing Lender shall promptly notify the Administrative Agent and the Borrower by telephone (confirmed by telecopy or electronic mail) of such demand for payment, whether the applicable Issuing Lender has made or will make an LC Disbursement thereunder and the amount of such LC Disbursement; provided that any failure to give or delay in giving such notice shall not relieve the Borrower of its obligation to reimburse the applicable Issuing Lender and the Revolving Lenders with respect to any such LC Disbursement in accordance with the terms herein.

(h) *Interim Interest*. If the applicable Issuing Lender shall make any LC Disbursement, then, unless the Borrower shall reimburse (including by a Borrowing) such LC Disbursement in full not later than the first Business Day following the date such LC Disbursement is made, the unpaid amount thereof shall bear interest, for each day from and including the date such LC Disbursement is made to but excluding the date that the Borrower reimburses such LC Disbursement, at the rate per annum then applicable to ABR Revolving Loans; provided that, if the Borrower fails to reimburse (including by a Borrowing) such LC Disbursement when due pursuant to Section 2.02(e), then Section 2.08 shall apply. Interest accrued pursuant to this paragraph shall be for the account of the applicable Issuing Lender, except that interest accrued on and after the date of payment by any Revolving Lender pursuant to Section 2.02(e) to reimburse the applicable Issuing Lender shall be for the account of such Lender to the extent of such payment.

(i) *Replacement of the Issuing Lender*. Any Issuing Lender may be replaced at any time by written agreement among the Borrower, the Administrative Agent, the replaced Issuing Lender and the successor Issuing Lender. The Administrative Agent shall notify the Revolving Lenders of any such replacement of an Issuing Lender. At the time any such replacement shall become effective, the Borrower shall pay all unpaid fees accrued for the account of the replaced Issuing Lender pursuant to Section 2.21. From and after the effective date of any such replacement, (i) the successor Issuing Lender shall have all the rights and obligations of the Issuing Lender under this Agreement with respect to Letters of Credit to be issued thereafter and (ii) references herein to the term "Issuing Lender" shall be deemed to refer to such successor or to any previous Issuing Lender, or to such successor and all previous Issuing Lenders, as the context shall require. After the replacement of an Issuing Lender hereunder, the replaced Issuing Lender shall remain a party hereto and shall continue to have all the rights and obligations of an Issuing Lender under this Agreement with respect to Letters of Credit issued by it prior to such replacement, but shall not be required to issue additional Letters of Credit.

(j) *Replacement of Letters of Credit; Cash Collateralization*. The Borrower shall (i) upon or prior to the occurrence of the earlier of (A) the Revolving Facility Maturity Date with respect to all Revolving Commitments and (B) the acceleration of the Revolving Loans (if any) and the termination of the Revolving Commitments in accordance with the terms hereof, (x) cause all Letters of Credit which expire after the earlier to occur of (A) the Revolving Facility Maturity Date with respect to all Revolving Commitments and (B) the acceleration of the Revolving Loans (if any) and the termination of the Revolving Commitments in accordance with the terms hereof (the "*Outstanding Letters of Credit*") to be returned to the applicable Issuing Lender undrawn and marked "cancelled" or (y) if the Borrower does not do so in whole or in part either (A) provide one or more "back-to-back" letters of credit to each applicable Issuing Lender with respect to any such Outstanding Letters of Credit in a form reasonably satisfactory to each such Issuing Lender and the Administrative Agent, issued by a bank reasonably satisfactory to each such Issuing Lender and the Administrative Agent, and/or (B) deposit cash in the Letter of Credit Account, as collateral security for the Borrower's reimbursement obligations in connection with any such Outstanding Letters of Credit, such cash (or any applicable portion thereof) to be promptly remitted to the Borrower upon the expiration, cancellation or other termination or satisfaction of the Borrower's reimbursement obligations with respect to such Outstanding Letters of Credit, in whole or in part, in an aggregate principal amount for all such "back-to-back" letters of credit and any such Cash Collateralization equal to 102% of the then outstanding amount of all LC Exposure (less the amount, if any, on deposit in the Letter of Credit Account prior to taking any action pursuant to clauses (A) or (B) above), and (ii) if required pursuant to Section 2.02(l), 2.12(c), 2.12(d), 2.12(e), 2.12(g), 2.26(d)(ii), 2.26(e)(ii), 2.26(f) or 7.01 or pursuant to any Extension Amendment, deposit in the Letter of Credit Account an amount required pursuant to Section 2.02(l), 2.12(c), 2.12(d), 2.12(e), 2.12(g), 2.26(d)(ii), 2.26(e)(ii), 2.26(f) or 7.01, or pursuant to any such Extension Amendment, as applicable (any such deposit or provision of "back-to-back" letters of credit described in the preceding clause (i) or clause (ii), "*Cash Collateralization*" (it being understood that any LC Exposure shall be deemed to be "*Cash Collateralized*" only to the extent a deposit or provision of "back-to-back" letters of credit as described above is made in an amount equal to 102% of the amount of such LC Exposure)). The Administrative Agent shall have exclusive dominion and control, including the exclusive right of withdrawal, over the Letter of Credit Account. Other than any interest earned on the investment of such deposits, which investments shall be made at the option and sole discretion of the Administrative Agent (in accordance with its usual and customary practices for investments of this type) and at the Borrower's risk and reasonable expense, such deposits shall not bear interest. Interest or profits, if any, on such investments shall accumulate in such account and shall be paid to the Borrower on its request. Moneys in such account shall be applied by the Administrative Agent to reimburse the applicable Issuing Lender for LC Disbursements for which it has not been reimbursed and, to the extent not so applied, shall be held for the satisfaction of the reimbursement obligations of the Borrower for the LC Exposure at such time. If the Borrower is required to provide Cash Collateralization hereunder pursuant to Section 2.02(l), 2.12(c), 2.12(d), 2.12(e), 2.12(g), 2.26(d)(ii), 2.26(e)(ii) or 2.26(f), or the terms of any Extension Amendment, such Cash Collateralization (to the extent not applied as contemplated by the applicable section) shall be returned to the Borrower within three (3) Business Days after the applicable section (or Extension Amendment) no longer requires the provision of such Cash Collateralization.

(k) *Issuing Lender Agreements*. Unless otherwise requested by the Administrative Agent, each Issuing Lender shall report in writing to the Administrative Agent (i) on the first Business Day of each week, the daily activity (set forth by day) in respect of Letters of Credit during the immediately preceding week, including all issuances, extensions, amendments and renewals, all expirations and cancellations and all disbursements and reimbursements, (ii) on or prior to each Business Day on which such Issuing Lender expects to issue, amend, renew or extend any Letter of Credit, the date of such issuance, amendment, renewal or extension, the aggregate face amount of the Letters of Credit to be issued, amended, renewed, or extended by it (and whether, subject to Section 2.02(b), the face amount of any such Letter of Credit was changed thereby) and the aggregate face amount of such Letters of Credit outstanding after giving effect to such issuance, amendment, renewal or extension, (iii) on each Business Day on which such Issuing Lender makes any LC Disbursement, the date of such LC Disbursement and the amount of such LC Disbursement, (iv) on any Business Day on which the Borrower fails to reimburse an LC Disbursement required to be reimbursed to such Issuing Lender on such day, the date of such failure, and the amount of such LC Disbursement and (v) on any other Business Day, such other information as the Administrative Agent shall reasonably request. The Issuing Lender shall furnish a copy of each Letter of Credit to the Borrower and the Administrative Agent promptly following the issuance, amendment, renewal and extension thereof.

(l) *Provisions Related to Extended Revolving Commitments*. If the Revolving Facility Maturity Date in respect of any tranche of Revolving Commitments occurs prior to the expiration of any Letter of Credit with respect to which Lenders holding such Revolving Commitments hold participation interests, then (i) if one or more other tranches of Revolving Commitments in respect of which the Revolving Facility Maturity Date shall not have occurred are then in effect, such Letters of Credit automatically shall be deemed to have been issued (including for purposes of the obligations of the Revolving Lenders to purchase participations therein and to make payments in respect thereof pursuant to Section 2.02(d) or (e) and for any reallocations required pursuant to Section 2.26(d)(i)) under (and ratably participated in by Revolving Lenders pursuant to) the Revolving Commitments in respect of such non-terminating tranches up to an aggregate amount not to exceed the aggregate principal amount of the Unused Total Revolving Commitments thereunder at such time (it being understood that no partial face amount of any Letter of Credit may be so reallocated) and (ii) to the extent not reallocated pursuant to the immediately preceding clause (i), the Borrower shall Cash Collateralize any such Letter of Credit in accordance with Section 2.02(j). For the avoidance of doubt, commencing with the Revolving Facility Maturity Date of any tranche of Revolving Commitments, the sublimit for Letters of Credit under any tranche of Revolving Commitments that has not so then matured shall be as agreed in the relevant Extension Amendment with such Revolving Lenders (to the extent such Extension Amendment so provides).

SECTION 2.03 Requests for Loans.

(a) *Revolving Loans*. Unless otherwise agreed to by the Administrative Agent in connection with making the initial Revolving Loans, to request a Revolving Loan, the Borrower shall notify the Administrative Agent of such request by (i) electronic mail or (ii) by hand or by facsimile delivery of a written Loan Request (A) in the case of a Eurodollar Loan, not later than 2:00 p.m., New York City time, three (3) Business Days before proposed Borrowing

Date and (B) in the case of an ABR Loan, not later than 11:00 a.m., New York City time, on the proposed Borrowing Date. Each such Revolving Loan request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written Loan Request signed by the Borrower. Each such Revolving Loan request and written Loan Request shall specify the following information in compliance with Section 2.01:

(i) the aggregate amount of the requested Revolving Loan (which shall comply with Section 2.01(d));

(ii) the Borrowing Date of such Revolving Loan, which shall be a Business Day;

(iii) whether such Revolving Loan is to be an ABR Loan or a Eurodollar Loan; and

(iv) in the case of a Eurodollar Loan, the initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of the term "Interest Period."

If no election as to the Type of Revolving Loan is specified, then the requested Revolving Loan shall be an ABR Loan. If no Interest Period is specified with respect to any requested Eurodollar Loan, then the Borrower shall be deemed to have selected an Interest Period of one month's duration. Promptly following receipt of a Loan Request in accordance with this Section 2.03(a), the Administrative Agent shall advise each Revolving Lender of the details thereof and of the amount of such Revolving Lender's Loan to be made as part of the requested Revolving Loan.

(b) *Term Loans*. Unless otherwise agreed to by the Administrative Agent, to request the Term Loans, the Borrower shall notify the Administrative Agent of such request by electronic mail (i) in the case of a Eurodollar Loan, not later than 2:00 p.m., New York City time, two (2) Business Days before the Closing Date and (ii) in the case of an ABR Loan, not later than 1:00 p.m., New York City time one (1) Business Day before the Closing Date. Each such Term Loan request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written Loan Request signed by the Borrower. Each such Loan Request shall specify the following information in compliance with Section 2.01:

(i) the aggregate amount of the requested Term Loan (which shall comply with Section 2.01(d));

(ii) the Borrowing Date of such Term Loan, which shall be a Business Day;

(iii) whether such Term Loan is to be an ABR Loan or a Eurodollar Loan; and

(iv) in the case of a Eurodollar Loan, the initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of the term "Interest Period."

If no election as to the Type of Term Loan is specified, then the requested Term Loan shall be an ABR Loan. If no Interest Period is specified with respect to any requested Eurodollar Loan, then the Borrower shall be deemed to have selected an Interest Period of one month's duration. Promptly following receipt of a Loan Request in accordance with this Section 2.03(b), the Administrative Agent shall advise each Term Lender of the details thereof and of the amount of such Term Lender's Loan to be made as part of the requested Term Loan.

SECTION 2.04 Funding of Loans.

(a) Each Revolving Lender shall make each Revolving Loan to be made by it hereunder on the proposed Borrowing Date by wire transfer of immediately available funds by 12:00 noon, New York City time, or such earlier time as may be reasonably practicable, to the account of the Administrative Agent most recently designated by it for such purpose by notice to the Lenders. Upon satisfaction or waiver of the conditions precedent specified herein, the Administrative Agent will make such Loans available to the Borrower by promptly crediting the amounts so received, in like funds, to an account designated by the Borrower in the applicable Loan Request; provided that ABR Loans made to finance the reimbursement of an LC Disbursement as provided in Section 2.02(e) shall be remitted by the Administrative Agent to the relevant Issuing Lender.

(b) Each Term Lender shall make each Term Loan to be made by it hereunder on the Borrowing Date by wire transfer of immediately available funds by 12:00 p.m., New York City time, or such earlier time as may be reasonably practicable, to the account of the Administrative Agent most recently designated by it for such purpose by notice to the Lenders. Upon satisfaction or waiver of the conditions precedent specified herein, the Administrative Agent will make such Loans available to the Borrower by promptly crediting the amounts so received, in like funds, to an account designated by the Borrower in the applicable Loan Request.

(c) Unless the Administrative Agent shall have received notice from a Lender prior to the proposed Borrowing Date (or, with respect to any ABR Loan made on same-day notice, prior to 11:00 a.m., New York City time, on the Borrowing Date of such Loan) that such Lender will not make available to the Administrative Agent such Lender's share of such Loan, the Administrative Agent may assume that such Lender has made such share available on such Borrowing Date in accordance with paragraph (a) and/or (b) of this Section 2.04 and may, in reliance upon such assumption, make available to the Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Loan available to the Administrative Agent, then the applicable Lender and the Borrower severally agree to pay to the Administrative Agent forthwith upon written demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of payment to the Administrative Agent, at (i) in the case of such Lender, the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation or (ii) in the case of the Borrower, the interest rate otherwise applicable to such Loan. If such Lender pays such amount to the Administrative Agent, then such amount shall constitute such Lender's Loan included in such Loan and the Borrower shall not be obligated to repay such amount pursuant to the preceding sentence if not previously repaid.

SECTION 2.05 Interest Elections.

(a) The Borrower may elect from time to time to (i) convert ABR Loans to Eurodollar Loans, (ii) convert Eurodollar Loans to ABR Loans; provided that any such conversion of Eurodollar Loans may be made only on the last day of an Interest Period with respect thereto or (iii) continue any Eurodollar Loan as such upon the expiration of the then current Interest Period with respect thereto.

(b) To make an Interest Election Request pursuant to this Section 2.05, the Borrower shall notify the Administrative Agent of such election by hand or facsimile delivery or by electronic mail of a written Interest Election Request by the time that a Loan Request would be required under Section 2.03(a) or Section 2.03(b) if the Borrower were requesting a Loan of the Type resulting from such election to be made on the effective date of such election. Each such Interest Election Request shall be irrevocable and shall be confirmed promptly by hand delivery, electronic mail or telecopy to the Administrative Agent of a written Interest Election Request in substantially the same form as a Loan Request signed by the Borrower.

(c) Each Interest Election Request shall specify the following information in compliance with Section 2.01:

(i) the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) below shall be specified for each resulting Borrowing);

(ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day;

(iii) whether the resulting Borrowing is to be an ABR Borrowing or a Eurodollar Borrowing; and

(iv) if the resulting Borrowing is a Eurodollar Borrowing, the Interest Period to be applicable thereto after giving effect to such election, which shall be a period contemplated by the definition of the term "Interest Period."

If any such Interest Election Request requests a Eurodollar Borrowing but does not specify an Interest Period, then the Borrower shall be deemed to have selected an Interest Period of one month's duration.

(d) Promptly following receipt of an Interest Election Request, the Administrative Agent shall advise each Lender of the details thereof and of such Lender's portion of each resulting Borrowing.

(e) If the Borrower fails to deliver a timely Interest Election Request with respect to a Eurodollar Borrowing prior to the end of the Interest Period applicable thereto, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period such Borrowing shall be converted to a one-month Eurodollar Borrowing. Notwithstanding any

contrary provision hereof, if an Event of Default has occurred and is continuing, and upon the request of the Required Lenders, (i) no outstanding Borrowing may be converted to or continued as a Eurodollar Borrowing and (ii) unless repaid, each Eurodollar Borrowing shall be converted to an ABR Borrowing at the end of the Interest Period applicable thereto.

SECTION 2.06 Limitation on Eurodollar Tranches. Notwithstanding anything to the contrary in this Agreement, all borrowings, conversions and continuations of Eurodollar Loans and all selections of Interest Periods shall be in such amounts and be made pursuant to such elections so that, (a) after giving effect thereto, the aggregate principal amount of the Eurodollar Loans comprising each Eurodollar Tranche shall be equal to $1,000,000 or a whole multiple of $1,000,000 in excess thereof and (b) no more than twenty Eurodollar Tranches shall be outstanding at any one time.

SECTION 2.07 Interest on Loans.

(a) Subject to the provisions of Section 2.08, each ABR Loan shall bear interest (computed on the basis of the actual number of days elapsed over a year of 365 days or 366 days in a leap year) at a rate per annum equal to the Alternate Base Rate plus the Applicable Margin.

(b) Subject to the provisions of Section 2.08, each Eurodollar Loan shall bear interest (computed on the basis of the actual number of days elapsed over a year of 360 days) at a rate per annum equal, during each Interest Period applicable thereto, to the LIBO Rate for such Interest Period in effect for such Borrowing plus the Applicable Margin.

(c) Accrued interest on all Loans shall be payable in arrears on each Interest Payment Date applicable thereto, on the Termination Date with respect to such Loans and thereafter on written demand and upon any repayment or prepayment thereof (on the amount repaid or prepaid); provided that in the event of any conversion of any Eurodollar Loan to an ABR Loan, accrued interest on such Loan shall be payable on the effective date of such conversion.

SECTION 2.08 Default Interest. If the Borrower or any Guarantor, as the case may be, shall default in the payment of the principal of or interest on any Loan or in the payment of any other amount becoming due hereunder (including, without limitation, the reimbursement pursuant to Section 2.02(e) of any LC Disbursements), whether at Stated Maturity, by acceleration or otherwise, the Borrower or such Guarantor, as the case may be, shall on written demand of the Administrative Agent from time to time pay interest, to the extent permitted by law, on all overdue amounts up to (but not including) the date of actual payment (after as well as before judgment) at a rate per annum (computed on the basis of the actual number of days elapsed over a year of 360 days or, when the Alternate Base Rate is applicable, a year of 365 days or 366 days in a leap year) equal to (a) with respect to the principal amount of any Loan, the rate then applicable for such Borrowings plus 2.0%, and (b) in the case of all other amounts, the rate applicable for ABR Loans plus 2.0%.

SECTION 2.09 Alternate Rate of Interest. In the event, and on each occasion, that on the date that is two (2) Business Days prior to the commencement of any Interest Period for a

Eurodollar Loan, the Administrative Agent shall have reasonably determined (which determination shall be conclusive and binding upon the Borrower absent manifest error) that reasonable means do not exist for ascertaining the applicable LIBO Rate, the Administrative Agent shall, as soon as practicable thereafter, give written, facsimile or telegraphic notice of such determination to the Borrower and the Lenders and, until the circumstances giving rise to such notice no longer exist, any request by the Borrower for a Borrowing of Eurodollar Loans hereunder (including pursuant to a refinancing with Eurodollar Loans and including any request to continue, or to convert to, Eurodollar Loans) shall be deemed a request for a Borrowing of ABR Loans.

SECTION 2.10 Amortization of Term Loans; Repayment of Loans; Evidence of Debt.

(a) The Borrower hereby unconditionally promises to pay to the Administrative Agent for the ratable account of each Revolving Lender the then unpaid principal amount of each Revolving Loan then outstanding on the Revolving Facility Termination Date applicable to such Revolving Loan.

(b) The principal amounts of the Class B Term Loans shall be repaid in consecutive annual installments (each, an "*Installment*") of 1.00% of the sum of (i) the original aggregate principal amount hereunder as of the Closing Date *plus* (ii) the original aggregate principal amount of any Incremental Term Loans of the same Class as the Class B Term Loans from time to time after the Closing Date, on each anniversary of the Closing Date occurring prior to the Term Loan Maturity Date with respect to such Class B Term Loans commencing on April 28, 2017. Notwithstanding the foregoing, (1) such Installments shall be reduced in connection with any mandatory or voluntary prepayments of the Class B Term Loans in accordance with Sections 2.12 and 2.13, as applicable and (2) the Term Loans, together with all other amounts owed hereunder with respect thereto, shall, in any event, be paid in full no later than the applicable Term Loan Termination Date.

(c) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the Indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(d) The Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder, the Type thereof and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof. The Borrower shall have the right, upon reasonable notice, to request information regarding the accounts referred to in the preceding sentence.

(e) The entries made in the accounts maintained pursuant to paragraph (c) or (d) of this Section 2.10 shall be prima facie evidence of the existence and amounts of the obligations recorded therein; provided that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Loans in accordance with the terms of this Agreement.

(f) Any Lender may request that Loans made by it be evidenced by a promissory note. In such event, the Borrower shall promptly execute and deliver to such Lender a promissory note payable to such Lender and its registered assigns in a form furnished by the Administrative Agent and reasonably acceptable to the Borrower. Thereafter, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 10.02) be represented by one or more promissory notes in such form payable to such payee and its registered assigns.

SECTION 2.11 Optional Termination or Reduction of Revolving Commitments. Upon at least one (1) Business Day prior written notice to the Administrative Agent, the Borrower may at any time in whole permanently terminate the Total Revolving Commitment (subject to compliance with Section 2.12(e)), or from time to time in part permanently reduce the Unused Total Revolving Commitment; provided that each such notice shall be revocable at any time prior to such reduction or termination, as the case may be, or to the extent such termination or reduction would have resulted from a refinancing of the Obligations, which refinancing shall not be consummated or shall otherwise be delayed. Each such reduction of the Unused Total Revolving Commitment shall be in the principal amount not less than $1,000,000 and in an integral multiple of $1,000,000. Simultaneously with each reduction or termination of the Revolving Commitment, the Borrower shall pay to the Administrative Agent for the account of each Revolving Lender the Commitment Fee accrued and unpaid on the amount of the Revolving Commitment of such Revolving Lender so terminated or reduced through the date thereof. Any reduction of the Unused Total Revolving Commitment pursuant to this Section 2.11 shall be applied to reduce the Revolving Commitment of each Revolving Lender on a pro rata basis.

SECTION 2.12 Mandatory Prepayment of Loans; Commitment Termination.

(a) If, as a result of a Disposition of Collateral or Recovery Event (which for the purposes of Section 6.04 shall be deemed to be a Disposition that is not a voluntary Disposition), the Borrower is not in compliance with Section 6.04 within the time periods set forth in Section 6.04, the Borrower shall deposit, on the next Business Day (or, if later, within five (5) Business Days of Parent or any of its Subsidiaries receiving any Net Proceeds as a result of such Disposition of Collateral or Recovery Event), cash in an amount (the "*Net Proceeds Amount*") equal to the amount of such received Net Proceeds (solely to the extent necessary to maintain compliance with Section 6.04) into the Collateral Proceeds Account that is maintained with the Collateral Agent for such purpose and subject to an Account Control Agreement and thereafter such Net Proceeds Amount shall be applied (to the extent not otherwise applied pursuant to the immediately succeeding proviso and solely to the extent the Borrower is not in compliance with Section 6.04) in accordance with the requirements of Section 2.12(c); provided that (i) the Borrower may use such Net Proceeds Amount to replace with Qualified Replacement Assets or, solely in the case of any Net Proceeds Amount in respect of any Recovery Event, repair the assets which are the subject of such Disposition of Collateral or Recovery Event within 365 days after such deposit is made, (ii) all such Net Proceeds Amounts shall be subject to release as provided in Section 6.09(c) or, at the option of the Borrower at any time, may be applied in accordance with the requirements of Section 2.12(c) and (iii) upon the occurrence of

an Event of Default, the amount of any such deposit may be applied by the Administrative Agent in accordance with Section 2.12(c); provided, further that any release of any Net Proceeds Amount pursuant to clause (ii) of this Section 2.12(a) shall be conditioned on the Borrower being in compliance with Section 6.04 after giving effect thereto (it being understood that the failure to be in compliance with Section 6.04 shall not prevent the release of any Net Proceeds Amount in connection with any repair or replacement of assets permitted hereunder so long as no decrease in the Collateral Coverage Ratio will result therefrom).

(b) The Borrower shall prepay the Loans (without, in the case of any Revolving Loan, any corresponding reduction in Revolving Commitments) when and in an amount necessary to comply with Section 6.09(b).

(c) Amounts required to be applied to the prepayment of Loans pursuant to Sections 2.12(a), (b), (h) and (i) shall be applied to prepay the outstanding Term Loans in accordance with Section 2.17(e)(i) and/or the outstanding Revolving Loans in accordance with Section 2.17(e)(ii) (and to provide Cash Collateralization for the outstanding LC Exposure following the repayment of all outstanding Revolving Loans), in an amount necessary to comply with Section 6.04 or 6.09(b), as the case may be, in each case as directed by the Borrower. Any such prepayments of Revolving Loans (and Cash Collateralization of the outstanding LC Exposure) shall not result in a corresponding permanent reduction in the Revolving Commitments. Any Cash Collateralization of outstanding LC Exposure shall be consummated in accordance with Section 2.02(j). The application of any prepayment pursuant to this Section 2.12 shall be made, *first*, to ABR Loans and, *second*, to Eurodollar Loans. Term Loans prepaid pursuant to this Section 2.12 may not be reborrowed.

(d) If at any time the Total Revolving Extensions of Credit for any reason exceed the Total Revolving Commitment at such time, the Borrower shall prepay Revolving Loans on a pro rata basis in an amount sufficient to eliminate such excess. If, after giving effect to the prepayment of all outstanding Revolving Loans, the Total Revolving Extensions of Credit exceed the Total Revolving Commitment then in effect, the Borrower shall Cash Collateralize outstanding Letters of Credit to the extent of such excess.

(e) Upon the Revolving Facility Termination Date applicable to any Revolving Commitment, such Revolving Commitment shall be terminated in full and the Borrower shall repay the applicable Revolving Loans in full and, except as the Administrative Agent may otherwise agree in writing, if any Letter of Credit remains outstanding, comply with Section 2.02(j) in accordance therewith.

(f) All prepayments under this Section 2.12 shall be accompanied by accrued but unpaid interest on the principal amount being prepaid to (but not including) the date of prepayment, plus, if applicable, any accrued and unpaid Fees and any losses, costs and expenses, as more fully described in Section 2.15.

(g) If a Change of Control occurs, within thirty (30) days following the occurrence of such Change of Control, the Borrower (or Parent (or any third party on behalf of the Borrower)) shall (i) prepay all of the outstanding Loans at a prepayment price equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of

prepayment, (ii) discharge all of the LC Exposure, if any, by Cash Collateralizing such LC Exposure and (iii) terminate all of the Unused Total Revolving Commitment, if any, in accordance with this Section 2.12.

(h) If, at any time on or after Initial Collateral Release Date, it is determined that a Core Collateral Failure has occurred, and the Borrower has not granted (or caused another Grantor to grant), within the time period specified in Section 6.09(b)(y), a security interest in Additional Collateral such that following such grant the Collateral shall include at least one category of Core Collateral, the Borrower shall (i) prepay all of the outstanding Loans at a prepayment price equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of prepayment, (ii) discharge all of the LC Exposure, if any, by Cash Collateralizing such LC Exposure and (iii) terminate all of the Unused Total Revolving Commitment, if any, in accordance with this Section 2.12.

(i) If, immediately after giving effect to any Borrower Release, there would be a Collateral Coverage Ratio Failure, the Borrower shall do one or more of the following: (1) grant (or cause another Grantor to grant) a security interest in Additional Collateral and/or (2) prepay or cause to be prepaid the Loans and (if required by its terms) any Pari Passu Senior Secured Debt (on a ratable basis with the Loans) such that following such actions in clauses (1) and/or (2) above, the Collateral Coverage Ratio, calculated by adding the Appraised Value of any such Additional Collateral in clause (i) of the definition of Collateral Coverage Ratio and subtracting any such prepaid Loans and prepaid Pari Passu Senior Secured Debt from clause (ii) of the definition of Collateral Coverage Ratio, shall be no less than 1.6 to 1.0.

SECTION 2.13 Optional Prepayment of Loans.

(a) The Borrower shall have the right, at any time and from time to time, to prepay any Loans, in whole or in part, (i) with respect to Eurodollar Loans, upon (A) written or facsimile notice or notice by electronic mail (which notice may be conditional notice) to the Administrative Agent or (B) written or facsimile notice (or notice by electronic mail) (which notice may be conditional notice) to the Administrative Agent, in any case received by 1:00 p.m., New York City time, three (3) Business Days prior to the proposed date of prepayment and (ii) with respect to ABR Loans, upon written or facsimile notice (or notice by electronic mail) (which notice may be conditional notice) to the Administrative Agent received by 1:00 p.m., New York City time, one (1) Business Day prior to the proposed date of prepayment; provided that ABR Loans may be prepaid on the same day notice is given if such notice is received by the Administrative Agent by 12:00 noon, New York City time; provided, further, that any revocation of such conditional notice occurs within the applicable notice period plus 5 Business Days; provided, further, however, that (A) each such partial prepayment shall be in an amount not less than $1,000,000 and in integral multiples of $1,000,000 in the case of Eurodollar Loans and integral multiples of $100,000 in the case of ABR Loans, (B) no prepayment of Eurodollar Loans shall be permitted pursuant to this Section 2.13(a) other than on the last day of an Interest Period applicable thereto unless such prepayment is accompanied by the payment of the amounts described in Section 2.15, and (C) no partial prepayment of a Eurodollar Tranche shall result in the aggregate principal amount of the Eurodollar Loans remaining outstanding pursuant to such Eurodollar Tranche being less than $1,000,000.

(b) Any prepayments under Section 2.13(a) shall be applied, at the option of the Borrower, to (i) repay the outstanding Revolving Loans of the Revolving Lenders (without any reduction in the Total Revolving Commitment) until all Revolving Loans shall have been paid in full (plus any accrued but unpaid interest and fees thereon) and/or (ii) prepay the Term Loans, in each case as the Borrower shall specify. All such prepayments of Term Loans shall be applied in the manner directed by the Borrower (or, if no such direction is given, in direct order of maturity) to the remaining scheduled Installments of the applicable Class of Term Loans being prepaid. All prepayments under Section 2.13(a) shall be accompanied by accrued but unpaid interest on the principal amount being prepaid to (but not including) the date of prepayment, plus, if applicable, any Fees and any losses, costs and expenses, as more fully described in Section 2.15. Term Loans prepaid pursuant to Section 2.13(a) may not be reborrowed.

(c) Each notice of prepayment shall specify the prepayment date, the principal amount of the Loans to be prepaid and, in the case of Eurodollar Loans, the Borrowing or Borrowings to be prepaid and shall commit the Borrower to prepay such Loan by the amount and on the date stated therein; provided that the Borrower may revoke any notice of prepayment under this Section 2.13 if such prepayment would have resulted from a refinancing of any or all of the Obligations hereunder, which refinancing shall not be consummated or shall otherwise be delayed, or in accordance with Section 2.13(a) if the notice of prepayment was a conditional notice. The Administrative Agent shall, promptly after receiving notice from the Borrower hereunder, notify each Lender of the principal amount of the Loans held by such Lender which are to be prepaid, the prepayment date and the manner of application of the prepayment.

(d) In the event that, prior to the date that is six months after the Closing Date, there shall occur any Repricing Event, the Borrower shall pay to the Administrative Agent, for the ratable account of each of the Term Lenders holding Class B Term Loans subject to such Repricing Event, (i) in the case of a Repricing Event of the type described in clause (a) of the definition thereof, a prepayment premium of 1% of the aggregate principal amount of the Class B Term Loans subject to such Repricing Event and (ii) in the case of a Repricing Event of the type described in clause (b) of the definition thereof, an amount equal to 1% of the aggregate principal amount of the Class B Term Loans subject to such Repricing Event outstanding immediately prior to the effectiveness thereof, in each case unless such fee is waived by the applicable Term Lender. Any Term Lender that is a non-consenting Lender in respect of a Repricing Event may be replaced in accordance with Section 10.08(d) to the extent permitted thereby; provided that any such Term Lender so replaced shall be entitled to the prepayment premium set forth in clause (i) of the preceding sentence with respect to its Class B Term Loans so assigned unless such fee is waived by such Term Lender.

SECTION 2.14 Increased Costs.

(a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender or Issuing Lender (except any such reserve requirement subject to Section 2.14(c)); or

(ii) impose on any Lender or Issuing Lender or the London interbank market any other condition, cost or expense (other than Taxes) affecting this Agreement or Eurodollar Loans made by such Lender or any Letter of Credit or participation therein;

and the result of any of the foregoing shall be to increase the cost to such Lender of making, converting into, continuing or maintaining any Eurodollar Loan (or of maintaining its obligation to make any such Loan) or to increase the cost to such Lender or Issuing Lender of participating in, issuing or maintaining any Letter of Credit or to reduce the amount of any sum received or receivable by such Lender or Issuing Lender hereunder with respect to any Eurodollar Loan or Letter of Credit (whether of principal, interest or otherwise), then, upon the request of such Lender or Issuing Lender, the Borrower will pay to such Lender or Issuing Lender, as the case may be, such additional amount or amounts as will compensate such Lender or Issuing Lender, as the case may be, for such additional costs incurred or reduction suffered.

(b) If any Lender or Issuing Lender reasonably determines in good faith that any Change in Law affecting such Lender or Issuing Lender or such Lender's or Issuing Lender's holding company regarding capital or liquidity requirements has or would have the effect of reducing the rate of return on such Lender's or Issuing Lender's capital or on the capital of such Lender's or Issuing Lender's holding company, if any, as a consequence of this Agreement or the Eurodollar Loans made by, or participations in Letters of Credit held by, such Lender, or the Letters of Credit issued by such Issuing Lender, to a level below that which such Lender or Issuing Lender or such Lender's or Issuing Lender's holding company could have achieved but for such Change in Law (taking into consideration such Lender's or Issuing Lender's policies and the policies of such Lender's or Issuing Lender's holding company with respect to capital adequacy), then from time to time the Borrower will pay to such Lender or Issuing Lender, as the case may be, such additional amount or amounts, in each case as documented by such Lender or Issuing Lender to the Borrower as will compensate such Lender or Issuing Lender or such Lender's or Issuing Lender's holding company for any such reduction suffered; it being understood that this Section 2.14(b) shall not apply to Taxes.

(c) Solely to the extent arising from a Change in Law, the Borrower shall pay to each Lender (i) as long as such Lender shall be required to maintain reserves with respect to liabilities or assets consisting of or including Eurodollar funds or deposits, additional interest on the unpaid principal amount of each Eurodollar Loan equal to the actual costs of such reserves allocated to such Loan by such Lender (as determined by such Lender in good faith, which determination shall be conclusive in the absence of manifest error) and (ii) as long as such Lender shall be required to comply with any reserve ratio requirement or analogous requirement of any other central banking or financial regulatory authority imposed in respect of the maintenance of the Commitments or the funding of the Eurodollar Loans, such additional costs (expressed as a percentage per annum and rounded upwards, if necessary, to the nearest five decimal places) equal to the actual costs allocated to such Commitment or Loan by such Lender (as determined by such Lender in good faith, which determination shall be conclusive absent manifest error) which in each case shall be due and payable on each date on which interest is payable on such Loan; provided that the Borrower shall have received at least fifteen (15) days' prior written notice (with a copy to the Administrative Agent, and which notice shall specify the Statutory Reserve Rate, if any, applicable to such Lender) of such additional interest or cost from such Lender. If a Lender fails to give written notice fifteen (15) days prior to the relevant Interest Payment Date, such additional interest or cost shall be due and payable fifteen (15) days from receipt of such notice.

(d) A certificate of a Lender or Issuing Lender setting forth the amount or amounts necessary to compensate such Lender or Issuing Lender or its holding company, as the case may be, as specified in paragraph (a) or (b) of this Section 2.14 and the basis for calculating such amount or amounts shall be delivered to the Borrower and shall be *prima facie* evidence of the amount due. The Borrower shall pay such Lender or Issuing Lender, as the case may be, the amount due within fifteen (15) days after receipt of such certificate.

(e) Failure or delay on the part of any Lender or Issuing Lender to demand compensation pursuant to this Section 2.14 shall not constitute a waiver of such Lender's or Issuing Lender's right to demand such compensation; provided that the Borrower shall not be required to compensate a Lender or Issuing Lender pursuant to this Section 2.14 for any increased costs or reductions incurred more than 180 days prior to the date that such Lender or Issuing Lender, as the case may be, notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's or Issuing Lender's intention to claim compensation therefor; provided, further that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 180-day period referred to above shall be extended to include the period of retroactive effect thereof. The protection of this Section 2.14 shall be available to each Lender regardless of any possible contention as to the invalidity or inapplicability of the law, rule, regulation, guideline or other change or condition which shall have occurred or been imposed.

(f) The Borrower shall not be required to make payments under this Section 2.14 to any Lender or Issuing Lender if (A) a claim hereunder arises solely through circumstances peculiar to such Lender or Issuing Lender and which do not affect commercial banks in the jurisdiction of organization of such Lender or Issuing Lender generally, (B) the claim arises out of a voluntary relocation by such Lender or Issuing Lender of its applicable lending office (it being understood that any such relocation effected pursuant to Section 2.18 is not "voluntary"), or (C) such Lender or Issuing Lender is not seeking similar compensation for such costs to which it is entitled from its borrowers generally in commercial loans of a similar size.

(g) Notwithstanding anything herein to the contrary, regulations, requests, rules, guidelines or directives implemented after the Closing Date pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act or Basel III shall be deemed to be a Change in Law; provided, however, that any determination by a Lender or Issuing Lender of amounts owed pursuant to this Section 2.14 to such Lender or Issuing Lender due to any such Change in Law shall be made in good faith in a manner generally consistent with such Lender's or Issuing Lender's standard practice.

SECTION 2.15 Break Funding Payments. In the event of (a) the payment of any principal of any Eurodollar Loan other than on the last day of an Interest Period applicable thereto (including as a result of the occurrence and continuance of an Event of Default), (b) the failure to borrow, convert, continue or prepay any Eurodollar Loan on the date specified in any notice delivered pursuant hereto or (c) the assignment of any Eurodollar Loan other than on the

last day of the Interest Period applicable thereto as a result of a request by the Borrower pursuant to Section 2.18, Section 2.27(d) or Section 10.08(d), then, in any such event, at the request of such Lender, the Borrower shall compensate such Lender for the loss, cost and expense sustained by such Lender attributable to such event; provided that in no case shall this Section 2.15 apply to any payment of an Installment pursuant to Section 2.10(b). Such loss, cost or expense to any Lender shall be deemed to include an amount reasonably determined in good faith by such Lender or Issuing Lender to be the excess, if any, of (i) the amount of interest which would have accrued on the principal amount of such Loan had such event not occurred, at the applicable rate of interest for such Loan (excluding, however the Applicable Margin included therein, if any), for the period from the date of such event to the last day of the then current Interest Period therefor (or, in the case of a failure to borrow, convert or continue, for the period that would have been the Interest Period for such Loan), over (ii) the amount of interest (as reasonably determined by such Lender) which would accrue on such principal amount for such period at the interest rate which such Lender would bid were it to bid, at the commencement of such period, for dollar deposits of a comparable amount and period from other banks in the eurodollar market. A certificate of any Lender setting forth any amount or amounts (and the basis for requesting such amount or amounts) that such Lender is entitled to receive pursuant to this Section 2.15 shall be delivered to the Borrower and shall be *prima facie* evidence of the amount due. The Borrower shall pay such Lender the amount due within fifteen (15) days after receipt of such certificate.

SECTION 2.16 Taxes.

(a) Any and all payments by or on account of any Obligation of the Borrower or any Guarantor hereunder or under any other Loan Document shall be made free and clear of and without deduction for any Taxes except as required by applicable law; provided that if any Taxes are required to be withheld from any amounts payable to the Administrative Agent, any Lender or any Issuing Lender, as determined in good faith by the applicable Withholding Agent, then (i) if such Taxes are Indemnified Taxes or Other Taxes, the sum payable by the Borrower or applicable Guarantor shall be increased as necessary so that after making all required deductions for any Indemnified Taxes or Other Taxes (including deductions for any Indemnified Taxes or Other Taxes applicable to additional sums payable under this Section 2.16), the Administrative Agent, Lender, Issuing Lender or any other recipient of such payments (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) the applicable Withholding Agent shall make such deductions and (iii) the applicable Withholding Agent shall timely pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law.

(b) In addition, the Borrower or any Guarantor, as applicable, shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) The Borrower shall indemnify the Administrative Agent, each Lender and each Issuing Lender, within ten (10) days after written demand therefor, for the full amount of any Indemnified Taxes or Other Taxes paid by or on behalf of or withheld or deducted from payments owing to the Administrative Agent, such Lender or such Issuing Lender, as the case may be, on or with respect to any payment by or on account of any obligation of the Borrower or any Guarantor hereunder or under any other Loan Document (including Indemnified Taxes or

Other Taxes imposed or asserted on or attributable to amounts payable under this Section 2.16) and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender or Issuing Lender, or by the Administrative Agent on its own behalf or on behalf of a Lender or Issuing Lender, shall be conclusive absent manifest error.

(d) As soon as practicable after any payment of Indemnified Taxes or Other Taxes by the Borrower to a Governmental Authority, the Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment to the extent available, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(e) Each Lender shall, within ten (10) days after written demand therefor, indemnify the Administrative Agent (to the extent the Administrative Agent has not been reimbursed by the Borrower) for the full amount of any Taxes imposed by any Governmental Authority that are attributable to such Lender and that are payable or paid by the Administrative Agent, together with all interest, penalties, reasonable costs and expenses arising therefrom or with respect thereto, as determined by the Administrative Agent in good faith. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error.

(f) Any Foreign Lender that is entitled to an exemption from or reduction of withholding tax under the law of the jurisdiction in which the Borrower is located, or any treaty to which such jurisdiction is a party, with respect to payments under this Agreement shall deliver to the Borrower (with a copy to the Administrative Agent), at the time or times prescribed by applicable law and as reasonably requested by the Borrower, such properly completed and executed documentation prescribed by applicable law or requested by the Borrower as will permit such payments to be made without withholding or at a reduced rate; provided that a Foreign Lender shall not be required to deliver any documentation pursuant to this Section 2.16(f) that such Foreign Lender is not legally able to deliver. For purposes of this paragraph (f) and paragraphs (g) and (h), the term "Lender" includes any Issuing Lender.

(g) (i) (1) Without limiting the generality of the foregoing, each Foreign Lender shall deliver to the Borrower and the Administrative Agent on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter when the previously delivered certificates and/or forms expire, or upon request of the Borrower or the Administrative Agent) whichever of the following is applicable:

(ii) two (2) duly executed originals of Internal Revenue Service Form W-8BEN or Internal Revenue Service Form W-8BEN-E, as applicable, claiming eligibility for benefits of an income tax treaty to which the United States is a party;

(iii) two (2) duly executed originals of Internal Revenue Service Form W-8ECI;

(iv) two (2) duly executed originals of Internal Revenue Service Form W 8IMY, together with the forms for its beneficiaries, partners or members described in clauses (i), (ii), (iii) or (iv) of this subparagraph (g)(1) or in subparagraph (g)(2) and other applicable attachments;

(v) in the case of a Foreign Lender claiming the benefits of exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate to the effect that such Foreign Lender is not (A) a "bank" within the meaning of Section 881(c)(3)(A) of the Code, (B) a "10 percent shareholder" of the Borrower within the meaning of Section 881(c)(3)(B) of the Code, (C) a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code or (D) conducting a trade or business in the United States with which the relevant interest payments are effectively connected and (y) two (2) duly executed originals of the Internal Revenue Service Form W-8BEN or Internal Revenue Service Form W-8BEN-E, as applicable; or

(vi) any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in United States federal withholding tax and reasonably requested by the Borrower or the Administrative Agent to permit the Borrower to determine the withholding or required deduction to be made.

A Foreign Lender shall not be required to deliver any form or statement pursuant to this Section 2.16(g) that such Foreign Lender is not legally able to deliver.

(1) Any Lender that is a "United States Person" (as such term is defined in Section 7701(a)(30) of the Code) shall deliver to the Administrative Agent and the Borrower, on or prior to the date on which such Lender becomes a party to this Agreement (and from time to time thereafter when the previously delivered certificates and/or forms expire, or upon request of the Borrower or the Administrative Agent), two (2) copies of Internal Revenue Service Form W-9 (or any successor form), properly completed and duly executed by such Lender, certifying that such Lender is entitled to an exemption from United States backup withholding tax.

(2) The Administrative Agent shall deliver to the Borrower on or prior to the date on which it becomes the Administrative Agent under this Agreement (and from time to time thereafter when the previously delivered forms expire, or upon request of the Borrower) executed originals of Internal Revenue Service Form W-8IMY. The Administrative Agent represents that it is a financial institution within the meaning of U.S. Treasury Regulation § 1.1441-1(c)(5).

(3) If a payment made to a Lender under this Agreement or any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower and the Administrative Agent, at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Administrative Agent, such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional

documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower or the Administrative Agent to comply with its obligations under FATCA, to determine that such Lender has or has not complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment.

(h) If the Administrative Agent or a Lender determines, in its sole discretion, that it has received a refund of any Taxes or Other Taxes from the Governmental Authority to which such Taxes or Other Taxes were paid and as to which it has been indemnified by the Borrower or a Guarantor or with respect to which the Borrower or a Guarantor has paid additional amounts pursuant to this Section 2.16, it shall pay over such refund to the Borrower or such Guarantor (but only to the extent of indemnity payments made, or additional amounts paid, by the Borrower or such Guarantor under this Section 2.16 with respect to the Taxes or Other Taxes giving rise to such refund), net of all out-of-pocket expenses of the Administrative Agent or such Lender incurred in obtaining such refund (including Taxes imposed with respect to such refund) and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); provided that the Borrower or such Guarantor, upon the request of the Administrative Agent or such Lender, agrees to repay the amount paid over to the Borrower or such Guarantor (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Administrative Agent or such Lender in the event the Administrative Agent or such Lender is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (h), in no event will the Administrative Agent or any Lender be required to pay any amount to the Borrower pursuant to this paragraph (h) if, and then only to the extent, the payment of such amount would place the Administrative Agent or such Lender in a less favorable net after-Tax position than the Administrative Agent or such Lender would have been in if the indemnification payments or additional amounts giving rise to such refund had never been paid. This Section 2.16 shall not be construed to require the Administrative Agent or any Lender to make available its tax returns (or any other information relating to its taxes which it deems confidential) to the Borrower or any other Person

(i) For purposes of determining withholding Taxes imposed under FATCA, the Borrower and the Agents shall treat (and the Lenders hereby authorize the Agents to treat) the Loans and this Agreement as not qualifying as a "grandfathered obligation" within the meaning of Treasury Regulation Section 1.1471-2(b)(2)(i).

SECTION 2.17 Payments Generally; Pro Rata Treatment.

(a) The Borrower shall make each payment or prepayment required to be made by it hereunder (whether of principal, interest, fees or reimbursement of LC Disbursements, or of amounts payable under Section 2.14 or Section 2.15, or otherwise) prior to 1:00 p.m., New York City time, on the date when due, in immediately available funds, without set-off or counterclaim. Any amounts received after such time on any date may, in the reasonable discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Administrative Agent at its offices at Citibank, N.A., 1615 Brett Road, Building III, New Castle, Delaware 19720, pursuant to wire instructions to be provided by the

Administrative Agent, except payments to be made directly to an Issuing Lender as expressly provided herein and except that payments pursuant to Sections 2.14, 2.15 and 10.04 shall be made directly to the Persons entitled thereto. The Administrative Agent shall distribute any such payments received by it (including, subject to the terms of any Intercreditor Agreement or any Other Intercreditor Agreement, any payment received from the sale or disposal of Collateral pursuant to any Collateral Document) for the account of any other Person to the appropriate recipient promptly following receipt thereof. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. All payments hereunder shall be made in Dollars.

(b) If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all Obligations then due hereunder, such funds shall be applied, subject to the terms of any Intercreditor Agreement or any Other Intercreditor Agreement, as applicable, (i) *first*, towards payment of Fees and expenses then due under Sections 2.19 and 10.04 payable to each Agent and any trustee appointed pursuant to Section 8.01(d), to the extent applicable, (ii) *second*, towards payment of Fees and expenses then due under Sections 2.20, 2.21 and 10.04 payable to the Lenders and the Issuing Lenders and towards payment of interest then due on account of the Revolving Loans, Term Loans and Letters of Credit, ratably among the parties entitled thereto in accordance with the amounts of such Fees and expenses and interest then due to such parties and (iii) *third*, towards payment of (A) principal of the Revolving Loans, Term Loans and unreimbursed LC Disbursements then due hereunder, (B) any Designated Banking Product Obligations then due, to the extent such Designated Banking Product Obligations constitute "Obligations" hereunder, and (C) any Designated Hedging Obligations then due, to the extent such Designated Hedging Obligations constitute "Obligations" hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal, unreimbursed LC Disbursements, Designated Banking Product Obligations constituting Obligations and Designated Hedging Obligations constituting Obligations then due to such parties. Excluded Swap Obligations with respect to any Guarantor shall not be paid with amounts received from such Guarantor or its assets, but appropriate adjustment shall be made with respect to payments from the Borrower or other Guarantors to preserve the allocations to Obligations otherwise set forth above in this Section 2.17(b).

(c) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders or the Issuing Lenders hereunder that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders or the applicable Issuing Lender, as the case may be, the amount due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders or the applicable Issuing Lender, as the case may be, severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender or Issuing Lender with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

(d) If any Lender shall fail to make any payment or Extension of Credit required to be made by it pursuant to Section 2.02(d), 2.02(e), 2.04(a), 2.04(b), 2.04(c), 8.04 or 10.04(d), then the Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof), apply any amounts thereafter received by the Administrative Agent for the account of such Lender to satisfy such Lender's obligations under such Sections until all such unsatisfied obligations are fully paid.

(e) *Pro Rata Treatment*.

(i) Each payment (including each prepayment) by the Borrower on account of principal of and interest on any Class of Term Loans shall be made pro rata according to the respective outstanding principal amounts of such Class of Term Loans then held by the applicable Term Lenders (except that assignments to the Borrower pursuant to Section 10.02(g) shall not be subject to this Section 2.17(e)(i)). All such prepayments of Term Loans shall be applied in the manner directed by the Borrower (or, if no such direction is given, in direct order of maturity) to the remaining scheduled Installments of the applicable Class of Term Loans being prepaid.

(ii) Each payment (including each prepayment) by the Borrower on account of principal of and interest on any Class of Revolving Loans shall be made pro rata according to the respective outstanding principal amounts of such Class of Revolving Loans then held by the Revolving Lenders.

For the avoidance of doubt, the provisions of this Section 2.17 shall not be constructed to apply to (A) Cash Collateralization provided for in this Agreement, (B) assignments and participations (including by means of a Dutch Auction or open-market purchase) described in Section 10.02, (C) any circumstance contemplated by Section 2.18(b), 2.26, 2.27, 2.28, 10.08(d), 10.08(e) or 10.08(f), (D) the application of funds resulting from the existence of a Defaulting Lender, or (E) any other circumstance expressly provided for herein.

SECTION 2.18 Mitigation Obligations; Replacement of Lenders.

(a) If the Borrower is required to pay any additional amount to any Lender under Section 2.14 or to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.16, then such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder, to assign its rights and obligations hereunder to another of its offices, branches or affiliates, to file any certificate or document reasonably requested by the Borrower or to take other reasonable measures, if, in the judgment of such Lender, such designation, assignment, filing or other measures (i) would eliminate or reduce amounts payable pursuant to Section 2.14 or 2.16, as the case may be, and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment. Nothing in this Section 2.18 shall affect or postpone any of the obligations of the Borrower or the rights of any Lender pursuant to Section 2.14 or 2.16.

(b) If, after the date hereof, any Lender requests compensation under Section 2.14 or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.16, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, (i) terminate such Lender's Revolving Commitment, prepay such Lender's outstanding Loans and provide Cash Collateralization for such Lender's LC Exposure, as applicable, or (ii) require such Lender to assign, without recourse (in accordance with and subject to the restrictions contained in Section 10.02), all its interests, rights and obligations under this Agreement to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment), in any case as of a Business Day specified in such notice from the Borrower; provided that (i) such terminated or assigning Lender shall have received payment of an amount equal to the outstanding principal of its Loans and unreimbursed payments attributable to its participations in LC Disbursements, as applicable, accrued interest thereon, accrued fees and all other amounts due, owing and payable to it hereunder at the time of such termination or assignment, from the assignee (to the extent of such outstanding principal and accrued interest and fees in the case of an assignment) or the Borrower (in the case of all other amounts) and (ii) in the case of an assignment due to payments required to be made pursuant to Section 2.16, such assignment will result in a reduction in such compensation or payments.

SECTION 2.19 Certain Fees. The Borrower shall pay (i) to the Administrative Agent the fees set forth in that certain Administrative Agent Fee Letter, dated as of the Closing Date, between the Administrative Agent and the Borrower as amended, restated, modified, supplemented or replaced from time to time (the "*Administrative Agent Fee Letter*") and (ii) the fees set forth in the certain Engagement Letter dated as of November 30, 2016 by and between the Borrower and the Joint Lead Arrangers and Bookrunners (the "*Engagement Letter*") at the times and to the entities set forth therein.

SECTION 2.20 Commitment Fee and Upfront Fee.

(a) The Borrower shall pay to the Administrative Agent for the accounts of the Revolving Lenders a commitment fee (the "*Commitment Fee*") for the period commencing on the Revolver Availability Date (or such other date agreed by the Borrower and the Revolving Lenders) and ending on the Revolving Facility Termination Date with respect to the applicable Revolving Commitments or the earlier date of termination of the applicable Revolving Commitment, computed (on the basis of the actual number of days elapsed over a year of 360 days) at the Commitment Fee Rate on the average daily Unused Total Revolving Commitment. Such Commitment Fee, to the extent then accrued, shall be payable quarterly in arrears (a) following the Revolver Availability Date on the last Business Day of each March, June, September and December, (b) on the Revolving Facility Termination Date with respect to the applicable Revolving Commitments and (c) as provided in Section 2.11, upon any reduction or termination in whole or in part of the Total Revolving Commitment.

(b) The Borrower shall pay on the Revolver Availability Date to each Revolving Lender as of such date, an upfront fee (the "*Upfront Fee*") to be agreed between the Borrower and the Revolving Lenders.

SECTION 2.21 Letter of Credit Fees. The Borrower shall pay with respect to each Letter of Credit (i) to the Administrative Agent for the account of the Revolving Lenders a fee calculated (on the basis of the actual number of days elapsed over a year of 360 days) at the per annum rate equal to the Applicable Margin then in effect with respect to Eurodollar Loans under the Revolving Facility on the daily average LC Exposure (excluding any portion thereof attributable to unreimbursed LC Disbursements), to be shared ratably among the Revolving Lenders and (ii) to each Issuing Lender (with respect to each Letter of Credit issued by it), such Issuing Lender's customary and reasonable fees as may be agreed by the Issuing Lender and the Borrower for issuance, amendments and processing referred to in Section 2.02. In addition, the Borrower agrees to pay each Issuing Lender for its account a fronting fee of 0.125% per annum in respect of each Letter of Credit issued by such Issuing Lender, for the period from and including the date of issuance of such Letter of Credit to and including the date of termination or expiration of such Letter of Credit. Accrued fees described in this paragraph in respect of each Letter of Credit shall be due and payable quarterly in arrears on the last Business Day of each March, June, September and December and on the Revolving Facility Termination Date with respect to the applicable Revolving Commitments. Fees accruing on any Letter of Credit outstanding after the applicable Revolving Facility Termination Date shall be payable quarterly in the manner described in the immediately preceding sentence and on the date of expiration or termination of any such Letter of Credit.

SECTION 2.22 Nature of Fees. All Fees shall be paid on the dates due, in immediately available funds, to the Administrative Agent, the Issuing Lenders and the Joint Lead Arrangers and Bookrunners, as provided herein and in the Fee Letters. Once paid, none of the Fees shall be refundable or creditable under any circumstances, except as otherwise provided in the Fee Letters and Engagement Letter.

SECTION 2.23 Right of Set-Off. Upon the occurrence and during the continuance of any Event of Default pursuant to Section 7.01(b), the Administrative Agent, the Collateral Agent, each Issuing Lender and each Lender (and their respective banking Affiliates) are hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final but excluding deposits in the Escrow Accounts, Payroll Accounts and other accounts, in each case, held in trust for an identified beneficiary) at any time held and other Indebtedness at any time owing by the Administrative Agent, each such Issuing Lender and each such Lender (or any of such banking Affiliates) to or for the credit or the account of the Borrower or any Guarantor against any and all of any such overdue amounts owing under the Loan Documents, irrespective of whether or not the Administrative Agent or such Lender shall have made any demand under any Loan Document; provided that in the event that any Defaulting Lender exercises any such right of setoff, (x) all amounts so set off will be paid over immediately to the Administrative Agent for further application in accordance with the provisions of Section 2.26(g) and, pending such payment, will be segregated by such Defaulting Lender from its other funds and deemed held in trust for the benefit of the Administrative Agent, the Issuing Lenders and the Lenders and (y) the Defaulting Lender will provide promptly to the Administrative Agent a statement describing in reasonable detail the Obligations owing to such Defaulting Lender as to which it exercised such right of setoff. Each Lender, each Issuing Lender and the Administrative Agent agree promptly to notify the Borrower and Guarantors after any such set-off and application made by such Lender, such Issuing Lender or the Administrative Agent (or any of such banking Affiliates), as

the case may be; provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Lender, each Issuing Lender and the Administrative Agent under this Section 2.23 are in addition to other rights and remedies which such Lender and the Administrative Agent may have upon the occurrence and during the continuance of any Event of Default.

SECTION 2.24 Security Interest in Letter of Credit Account. The Borrower and the Guarantors hereby pledge to the Collateral Agent, for its benefit and for the benefit of the other Secured Parties, and hereby grant to the Collateral Agent, for its benefit and for the benefit of the other Secured Parties, a first priority security interest, senior to all other Liens, if any, in all of the Borrower's and the Guarantors' right, title and interest in and to the Letter of Credit Account, any direct investment of the funds contained therein and any proceeds thereof. Cash held in the Letter of Credit Account shall not be available for use by the Borrower, and shall be released to the Borrower only as described in Section 2.02(j).

SECTION 2.25 Payment of Obligations. Subject to the provisions of Section 7.01, upon the maturity (whether by acceleration or otherwise) of any of the Obligations under this Agreement or any of the other Loan Documents of the Borrower and the Guarantors, the Lenders shall be entitled to immediate payment of such Obligations.

SECTION 2.26 Defaulting Lenders.

(a) If at any time any Lender becomes a Defaulting Lender, then the Borrower may, on ten (10) Business Days' prior written notice to the Administrative Agent and such Lender, (i) terminate such Lender's Revolving Commitment, prepay such Lender's outstanding Loans and provide Cash Collateralization for such Lender's LC Exposure, as applicable, or (ii) replace such Lender by causing such Lender to (and such Lender shall be obligated to) assign pursuant to Section 10.02(b) (with the assignment fee to be waived in such instance and subject to any consents required by such Section) all of its rights and obligations under this Agreement to one or more assignees; provided that neither the Administrative Agent nor any Lender shall have any obligation to the Borrower to find a replacement Lender or other such Person.

(b) Any Lender being replaced pursuant to Section 2.26(a) shall (i) execute and deliver an Assignment and Acceptance with respect to such Lender's outstanding Commitments, Loans and participations in Letters of Credit and (ii) deliver any documentation evidencing such Loans to the Borrower or the Administrative Agent. Pursuant to such Assignment and Acceptance, (A) the assignee Lender shall acquire all or a portion, as specified by the Borrower and such assignee, of the assigning Lender's outstanding Commitments, Loans and participations in Letters of Credit, (B) all obligations of the Borrower owing to the assigning Lender relating to the Commitments, Loans and participations so assigned shall be paid in full by the assignee Lender to such assigning Lender concurrently with such Assignment and Acceptance (including, without limitation, any amounts owed under Section 2.15 due to such replacement occurring on a day other than the last day of an Interest Period), and (C) upon such payment and, if so requested by the assignee Lender, delivery to the assignee Lender of the appropriate documentation executed by the Borrower in connection with previous Borrowings, the assignee Lender shall become a Lender hereunder and the assigning Lender shall cease to constitute a Lender hereunder with respect to such assigned Commitments, Loans and

participations, except with respect to indemnification provisions under this Agreement, which shall survive as to such assigning Lender; provided that an assignment contemplated by this Section 2.26(b) shall become effective notwithstanding the failure by the Lender being replaced to deliver the Assignment and Acceptance contemplated by this Section 2.26(b), so long as the other actions specified in this Section 2.26(b) shall have been taken.

(c) Anything herein to the contrary notwithstanding, if a Revolving Lender becomes, and during the period it remains, a Defaulting Lender, during such period, such Defaulting Lender shall not be entitled to any fees accruing during such period pursuant to Section 2.20 and 2.21 (without prejudice to the rights of the Non-Defaulting Lenders in respect of such fees); provided that (a) to the extent that all or a portion of the LC Exposure of such Defaulting Lender is reallocated to the Non-Defaulting Lenders pursuant to Section 2.26(d)(i), such fees that would have accrued for the benefit of such Defaulting Lender shall instead accrue for the benefit of and be payable to such Non-Defaulting Lenders and (b) to the extent that all or any portion of such LC Exposure cannot be so reallocated and is not Cash Collateralized in accordance with Section 2.26(d)(ii), such fees shall instead accrue for the benefit of and be payable to the Issuing Lenders as their interests appear (and the applicable pro rata payment provisions under this Agreement shall automatically be deemed adjusted to reflect the provisions of this Section 2.26).

(d) If any LC Exposure exists at the time a Revolving Lender becomes a Defaulting Lender then:

(i) the LC Exposure of such Defaulting Lender will, upon at least two (2) Business Days prior notice to the Borrower and the Non-Defaulting Lenders by the Administrative Agent, and subject in any event to the limitation in the first proviso below, automatically be reallocated (effective on the day specified in such notice) among the Non-Defaulting Lenders pro rata in accordance with their respective Revolving Commitments; provided that (A) the Revolving Extensions of Credit of each such Non-Defaulting Lender may not in any event exceed the Revolving Commitment of such Non-Defaulting Lender as in effect at the time of such reallocation, (B) such reallocation will not constitute a waiver or release of any claim the Borrower, the Administrative Agent, the Issuing Lenders or any other Lender may have against such Defaulting Lender, (C) at the time of such reallocation, no Event of Default pursuant to Section 7.01(b), (e)(B), (f) or (g) has occurred and is continuing and (D) neither such reallocation nor any payment by a Non-Defaulting Lender as a result thereof will cause such Defaulting Lender to be a Non-Defaulting Lender; and

(ii) to the extent that any portion (the "*unreallocated portion*") of the Defaulting Lender's LC Exposure cannot be so reallocated, whether by reason of the first proviso in clause (i) above or otherwise, the Borrower will, not later than three (3) Business Days after demand by the Administrative Agent, (A) Cash Collateralize the obligations of the Borrower to the Issuing Lenders in respect of such LC Exposure in an amount at least equal to the aggregate amount of the unreallocated portion of such LC Exposure or (B) make other arrangements satisfactory to the Administrative Agent and the Issuing Lenders in their sole discretion to protect them against the risk of non-payment by such Defaulting Lender.

(e) In addition to the other conditions precedent set forth in this Agreement, if any Revolving Lender becomes, and during the period it remains, a Defaulting Lender, no Issuing Lender shall be required to issue any Letter of Credit or to amend any outstanding Letter of Credit, unless:

(i) in the case of a Defaulting Lender, the LC Exposure of such Defaulting Lender is reallocated, as to outstanding and future Letters of Credit, to the Non-Defaulting Lenders as provided in Section 2.26(d)(i), except as provided in clause (ii) below, and

(ii) to the extent full reallocation does not occur as provided in clause (i) above, without limiting the provisions of Section 2.26(f), the Borrower shall Cash Collateralize the obligations of the Borrower in respect of such Letter of Credit in an amount at least equal to the aggregate amount of the obligations (contingent or otherwise) of such Defaulting Lender in respect of such Letter of Credit, or makes other arrangements satisfactory to the Administrative Agent and such Issuing Lenders in their sole discretion to protect them against the risk of non-payment by such Defaulting Lender, or

(iii) to the extent that neither reallocation nor Cash Collateralization occurs pursuant to clauses (i) or (ii), then in the case of a proposed issuance of a Letter of Credit, by an instrument or instruments in form and substance reasonably satisfactory to the Administrative Agent, and to such Issuing Lender, as the case may be, (A) the Borrower agrees that the face amount of such requested Letter of Credit will be reduced by an amount equal to the portion thereof as to which such Defaulting Lender would otherwise be liable, and (B) the Non-Defaulting Lenders' obligations in respect of such Letter of Credit shall be on a pro rata basis in accordance with the Revolving Commitments of the Non-Defaulting Lenders, and that the applicable pro rata payment provisions under this Agreement will be deemed adjusted to reflect this provision (provided that nothing in this clause (iii) will be deemed to increase the Revolving Commitments of any Lender, nor to constitute a waiver or release of any claim the Borrower, the Administrative Agent, any Issuing Lender or any other Lender may have against such Defaulting Lender, nor to cause such Defaulting Lender to be a Non-Defaulting Lender).

(f) If any Revolving Lender becomes, and during the period it remains, a Defaulting Lender and if any Letter of Credit is at the time outstanding, the applicable Issuing Lender may (except to the extent the Revolving Commitments of such Defaulting Lender have been fully reallocated pursuant to Section 2.26(d)(i)), by notice to the Borrower and such Defaulting Lender through the Administrative Agent, require the Borrower to Cash Collateralize, not later than three (3) Business Days after receipt by the Borrower of such notice, the obligations of the Borrower to such Issuing Lender in respect of such Letter of Credit in an amount equal to the aggregate amount of the obligations (contingent or otherwise) of such Defaulting Lender in respect thereof, or to make other arrangements satisfactory to the Administrative Agent and such Issuing Lender in their sole discretion to protect them against the risk of non-payment by such Defaulting Lender.

(g) Any amount paid by the Borrower or otherwise received by the Administrative Agent for the account of any Lender that is a Defaulting Lender (whether on account of principal, interest, fees, indemnity payments or other amounts) will not be paid or distributed to such Defaulting Lender, but shall instead be retained by the Administrative Agent in a segregated account until (subject to Section 2.26(i)) the termination of the Revolving Commitments and payment in full of all obligations of the Borrower hereunder and will be applied by the Administrative Agent, to the fullest extent permitted by law, to the making of payments from time to time in the following order of priority:

first, to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent;

second, to the payment of any amounts owing by such Defaulting Lender to the Issuing Lenders under this Agreement;

third, to the payment of the default interest and then current interest due and payable to the Revolving Lenders which are Non-Defaulting Lenders hereunder, ratably among them in accordance with the amounts of such interest then due and payable to them;

fourth, to the payment of fees then due and payable to the Non-Defaulting Lenders hereunder, ratably among them in accordance with the amounts of such fees then due and payable to them;

fifth, to pay principal and unreimbursed LC Disbursements then due and payable to the Non-Defaulting Lenders hereunder ratably in accordance with the amounts thereof then due and payable to them;

sixth, to the ratable payment of other amounts then due and payable to the Non-Defaulting Lenders;

seventh, to the funding of any Loan or the funding or Cash Collateralization of any participation in any Letter of Credit in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent;

eighth, if so determined by the Administrative Agent and the Borrower, held in such account as Cash Collateral for future funding obligations of the Defaulting Lender under this Agreement;

ninth, pro rata, to the payment of any amounts owing to the Borrower or the Lenders as a result of any judgment of a court of competent jurisdiction obtained by a Borrower or any Lender against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; and

tenth, after the termination of the Revolving Commitments and payment in full of all obligations of the Borrower hereunder, to pay amounts owing under this Agreement to such Defaulting Lender or as a court of competent jurisdiction may otherwise direct.

(h) The Borrower may terminate the unused amount of the Commitment of any Lender that is a Defaulting Lender upon not less than ten (10) Business Days' prior notice to the Administrative Agent (which shall promptly notify the Lenders thereof), and in such event the provisions of Section 2.26(g) will apply to all amounts thereafter paid by the Borrower for the account of such Defaulting Lender under this Agreement (whether on account of principal, interest, fees, indemnity or other amounts); provided that (i) no Event of Default shall have occurred and be continuing and (ii) such termination shall not be deemed to be a waiver or release of any claim the Borrower, the Administrative Agent, any Issuing Lender, or any Lender may have against such Defaulting Lender.

(i) If the Borrower, the Administrative Agent and (in the case of Revolving Lender) the Issuing Lenders agree in writing that a Lender that is a Defaulting Lender should no longer be deemed to be a Defaulting Lender, the Administrative Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein (which may include arrangements with respect to any amounts then held in the segregated account referred to in Section 2.26(g)), such Lender, to the extent applicable, shall purchase at par such portions of outstanding Loans of the other Lenders, and/or make such other adjustments, as the Administrative Agent may determine to be necessary to cause the Lenders to hold Loans on a pro rata basis in accordance with their ratable shares, whereupon such Lender shall cease to be a Defaulting Lender and will be a Non-Defaulting Lender (and the LC Exposure of each Revolving Lender shall automatically be adjusted on a prospective basis to reflect the foregoing); provided that no adjustments shall be made retroactively with respect to fees accrued while such Lender was a Defaulting Lender; and provided, further, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Non-Defaulting Lender shall constitute a waiver or release of any claim of any party hereunder arising from such Lender's having been a Defaulting Lender.

(j) Notwithstanding anything to the contrary herein, any Lender that is an Issuing Lender hereunder may not be replaced in its capacity as an Issuing Lender at any time that it has a Letter of Credit outstanding hereunder unless arrangements reasonably satisfactory to such Issuing Lender have been made with respect to such outstanding Letters of Credit.

SECTION 2.27 Increase in Commitment.

(a) *Borrower Request*. The Borrower may by written notice to the Administrative Agent request (x) prior to the Revolving Facility Maturity Date, an increase to the existing Revolving Commitments and/or LC Commitment or to establish one or more new Revolving Commitments and/or LC Commitments (each, an "*Incremental Revolving Commitment*") and/or (y) at any time the establishment of one or more new Term Loan Commitments (each, an "*Incremental Term Loan Commitment*", and together with the Incremental Revolving Commitments, the "*Incremental Commitments*") by an amount not less than $50,000,000 individually. Each such notice shall specify (i) the date (each, an "*Increase Effective Date*") on which the Borrower proposes that the Incremental Commitments shall be effective, which shall be a date not less than 10 Business Days after the date on which such notice is delivered to the Administrative Agent (or such earlier date agreed by the Administrative Agent) and (ii) the identity of each Eligible Assignee or other lender reasonably acceptable to the Administrative Agent (and, in the case of any Incremental Revolving Commitment that contains

an LC Commitment, each Issuing Lender) to whom the Borrower proposes any portion of such Incremental Commitments be allocated (each, a "*New Lender*") and the amounts of such allocations; provided that any existing Lender approached to provide all or a portion of the Incremental Commitments may elect or decline, in its sole discretion, to provide such Incremental Commitment.

(b) *Conditions*. The Incremental Commitments shall become effective, as of such Increase Effective Date; provided that:

(i) each of the conditions set forth in Section 4.02 shall be satisfied on or prior to such Increase Effective Date before and after giving effect to such Incremental Commitments;

(ii) no Default or Event of Default shall have occurred and be continuing or would result from giving effect to the Incremental Commitments on, or the making of any new Loans on, such Increase Effective Date; and

(iii) the Borrower shall provide an Officer's Certificate demonstrating in reasonable detail that, after giving pro forma effect to (1) the Incremental Commitments, (2) any new Loans to be made on such Increase Effective Date and (3) the pledge of any Additional Collateral, the Collateral Coverage Ratio shall be no less than 1.6 to 1.0 and the aggregate amount of Liquidity shall be no less than $2,000,000,000.

(c) *Terms of New Loans and Commitments*. The terms and provisions of Loans made pursuant to the new Commitments shall be as follows:

(i) terms and provisions with respect to interest rates, maturity date and amortization schedule of Loans made pursuant to any Incremental Term Loan Commitments ("*Incremental Term Loans*") shall be as agreed upon between the Borrower and the applicable Lenders providing such Loans (it being understood that the Incremental Term Loans may be part of the Class B Term Loans or any other Class of Term Loans);

(ii) the maturity date of any Loans made pursuant to Incremental Term Loan Commitments shall be no earlier than the Term Loan Maturity Date applicable to the Class B Term Loans that have not been extended pursuant to Section 2.28;

(iii) the Weighted Average Life to Maturity of any Loans made pursuant to Incremental Term Loan Commitments shall be no shorter than the Weighted Average Life to Maturity of the Class B Term Loans made on the Closing Date;

(iv) the interest rate margins for new Incremental Term Loans shall be determined by the Borrower and the applicable Lenders providing such Loans; provided, however, that, with respect to any Class of Incremental Term Loans, if the All-In Initial Yield on such Class of Incremental Term Loans exceeds the All-In Initial Yield on the Class B Term Loans funded hereunder (the "*Original Term Loans*") by more than 50 basis points (the amount of such excess, if any, above 50 basis points being referred to herein as the "*Yield Differential*"), then the interest rate margin (and, as provided in the

following proviso, the LIBO Rate floor) then in effect for the Original Term Loans shall be increased to eliminate such Yield Differential; provided that, to the extent any portion of the Yield Differential is attributable to any LIBO Rate floor applicable to such Class of Incremental Term Loans exceeding the LIBO Rate floor applicable to the Original Term Loans, the LIBO Rate floor applicable to the Original Term Loans shall first be increased to eliminate such Yield Differential to an amount not to exceed the LIBO Rate floor applicable to such Class of Incremental Term Loans prior to any increase in the interest rate margin applicable to such Original Term Loans.

(v) the maturity date of any Revolving Loans extended pursuant to such new Commitments shall be no earlier than the Revolving Facility Maturity Date applicable to the Revolving Commitments that have not been extended pursuant to Section 2.28;

(vi) any Revolving Commitments established pursuant to such Incremental Revolving Commitments shall not require any scheduled amortization or mandatory commitment reduction prior to the Revolving Facility Maturity Date; and

(vii) to the extent that the terms and provisions of Incremental Term Loans or the Revolving Loans made pursuant to Incremental Revolving Commitments are not consistent with an outstanding Class of Term Loans or to the outstanding Revolving Loans, as applicable (except to the extent permitted by clauses (i), (ii), (iii), (iv), (v) and (vi) above), such terms and conditions shall be reasonably satisfactory to the Administrative Agent and the Borrower.

The Incremental Commitments shall be effected by a joinder agreement (the "*Increase Joinder*") executed by the Borrower, the Administrative Agent and each Lender making such Incremental Commitment, in form and substance reasonably satisfactory to each of them. Notwithstanding anything else to the contrary in this Agreement or the other Loan Documents, the Increase Joinder may, without the consent of any other Lenders, effect such amendments to this Agreement and the other Loan Documents as may be necessary or appropriate, in the opinion of the Administrative Agent and the Borrower, to effect the provisions of this Section 2.27. In addition, unless otherwise specifically provided herein, all references in the Loan Documents to Revolving Loans or Term Loans shall be deemed, unless the context otherwise requires, to include references to Revolving Loans made pursuant to any increased Revolving Commitments and any Incremental Term Loans that are Term Loans, respectively, made pursuant to this Agreement.

(d) *Adjustment of Revolving Loans*. To the extent the Commitments being increased on the relevant Increase Effective Date are Revolving Commitments, each of the existing Revolving Lenders shall assign to each of the applicable New Lenders, and each of the New Lenders shall purchase from each of the existing Revolving Lenders, at the principal amount thereof (together with accrued interest), such interests in the Revolving Loans outstanding on such Increase Effective Date as shall be necessary in order that, after giving effect to all such assignments and purchases, such Revolving Loans will be held by the existing Revolving Lenders and New Lenders ratably in accordance with their Revolving Commitments after giving effect to the increased Revolving Commitments on such Increase Effective Date. If

there is a new Borrowing of Revolving Loans on such Increase Effective Date, the Revolving Lenders after giving effect to such Increase Effective Date shall make such Revolving Loans in accordance with Section 2.01(a).

(e) *Making of New Term Loans*. On any Increase Effective Date on which one or more Incremental Term Loan Commitments becomes effective, subject to the satisfaction of the foregoing terms and conditions, each Lender of such Incremental Term Loan Commitment shall make an Incremental Term Loan to the Borrower in an amount equal to its Incremental Term Loan Commitment.

(f) *Security and Guaranty*. The Incremental Commitments will be secured on a *pari passu* or (at the Borrower's option) junior basis by the same Collateral securing the obligations under the Facilities, and the Incremental Commitments and any incremental loans drawn thereunder shall rank *pari passu* in right of payment with or (at the Borrower's option) junior to the obligations under the Facilities (it being understood any such junior liens shall be subject to any Intercreditor Agreement or any Other Intercreditor Agreement). Incremental Commitments shall benefit from the same guarantees as the Facilities.

SECTION 2.28 Extension of Term Loans; Extension of the Revolving Facility.

(a) *Extension of Term Loans*. Notwithstanding anything to the contrary in this Agreement, pursuant to one or more offers (each, a "*Term Loan Extension Offer*"), made from time to time by the Borrower to all Term Lenders holding Term Loans with like maturity date, on a pro rata basis (based on the aggregate Term Loan Commitments with like maturity date) and on the same terms to each such Term Lender, the Borrower is hereby permitted to consummate from time to time transactions with individual Term Lenders that accept the terms contained in such Term Loan Extension Offers to extend the scheduled maturity date with respect to all or a portion of any outstanding principal amount of such Term Lender's Term Loans and otherwise modify the terms of such Term Loans pursuant to the terms of the relevant Term Loan Extension Offer (including, without limitation, by changing the interest rate or fees payable in respect of such Term Loan Commitments) (each, a "*Term Loan Extension*," and each group of Term Loans, as so extended, as well as the original Term Loans not so extended, being a "*tranche of Term Loans*," and subject to the last sentence of the definition of "Class," any Extended Term Loan shall constitute a separate tranche of Term Loans from the tranche of Term Loans from which they were converted), so long as the following terms are satisfied:

(i) no Event of Default pursuant to Section 7.01(b), (e)(B), (f) or (g) shall have occurred and be continuing at the time the offering document in respect of a Term Loan Extension Offer is delivered to the applicable Term Lenders;

(ii) except as to interest rates, fees, scheduled amortization payments of principal and final maturity (which shall be as set forth in the relevant Term Loan Extension Offer), the Term Loan of any Term Lender that agrees to a Term Loan Extension with respect to such Term Loan extended pursuant to an Extension Amendment (an "*Extended Term Loan*"), shall be a Term Loan with the same terms as the original Class of Term Loans being extended; provided that (1) the permanent repayment of Extended Term Loans after the applicable Term Loan Extension shall be

made on a pro rata basis with all other Term Loans, except that the Borrower shall be permitted to permanently repay any such tranche of Term Loans on a better than a pro rata basis as compared to any other tranche of Term Loans with a later maturity date than such tranche of Term Loans (it being understood that amortization payments and prepayments of Term Loans shall not be required to be on a pro rata basis), (2) assignments and participations of Extended Term Loans shall be governed by the same assignment and participation provisions applicable to Term Loans or, at the Borrower's discretion, governed by more restrictive assignment and participation provisions, (3) the relevant Extension Amendment may provide for other covenants and terms that apply solely to any period after the Latest Maturity Date that is in effect on the effective date of such Extension Amendment (immediately prior to the establishment of such Extended Term Loans), (4) Extended Term Loans may have call protection as may be agreed by the Borrower and the applicable Term Lenders of such Extended Term Loans, (5) no Extended Term Loans may be optionally prepaid prior to the date on which all Term Loans with an earlier Term Loan Maturity Date are repaid in full, unless such optional prepayment is accompanied by a pro rata optional prepayment of such other Term Loans and (6) at no time shall there be Term Loans hereunder (including Extended Term Loans and any original Term Loans) which have more than five different maturity dates;

(iii) all documentation in respect of such Term Loan Extension shall be consistent with the foregoing;

(iv) the Borrower may amend, revoke or replace a Term Loan Extension Offer at any time prior to the date on which Lenders under the tranche of Term Loans are requested to respond to the offer; and

(v) any applicable Minimum Extension Condition shall be satisfied unless waived by the Borrower. For the avoidance of doubt, no Term Lender shall be obligated to accept any Term Loan Extension Offer.

(b) *Extension of the Revolving Facility*. Notwithstanding anything to the contrary in this Agreement, pursuant to one or more offers (each, a "*Revolver Extension Offer*") made from time to time by the Borrower to all Revolving Lenders holding Revolving Commitments with a like maturity date, on a pro rata basis (based on the aggregate Revolving Commitments with a like maturity date) and on the same terms to each such Revolving Lender, the Borrower is hereby permitted to consummate from time to time transactions with individual Revolving Lenders that accept the terms contained in such Revolver Extension Offers to extend the maturity date of all or a portion of each such Revolving Lender's Revolving Commitments and otherwise modify the terms of such Revolving Commitments pursuant to the terms of the relevant Revolver Extension Offer (including, without limitation, by the changing interest rate or fees payable in respect of such Revolving Commitments (and related outstandings)) (each, a "*Revolver Extension*," and each group of Revolving Commitments, as so extended, as well as the original Revolving Commitments not so extended, being a "*tranche of Revolving Loans*," and any, subject to the last sentence of the definition of "Class," Extended Revolving Commitments shall constitute a separate tranche of Revolving Commitments from the tranche of Revolving Commitments from which they were converted), so long as the following terms are satisfied:

(i) No Event of Default pursuant to Section 7.01(b), (e)(B), (f) or (g) shall have occurred and be continuing at the time the offering document in respect of a Revolver Extension Offer is delivered to the applicable Revolving Lenders (the "*Revolver Extension Offer Date*");

(ii) except as to interest rates, fees and final maturity (which shall be set forth in the relevant Revolver Extension Offer), the Revolving Commitment of any Revolving Lender that agrees to a Revolver Extension with respect to such Revolving Commitment extended pursuant to an Extension Amendment (an "*Extended Revolving Commitment*"), and the related outstandings, shall be a Revolving Commitment (or related outstandings, as the case may be) with the same terms as the original Class of Revolving Commitments being extended (and related outstandings); provided that (1) the borrowing and repayment (except for (A) payments of interest and fees at different rates on Extended Revolving Commitments (and related outstandings), (B) repayments required upon the maturity date of the non-extending Revolving Commitments and (C) repayment made in connection with a permanent repayment and termination of commitments) of Revolving Loans with respect to Extended Revolving Commitments after the applicable Revolver Extension Offer Date shall be made on a pro rata basis with all other Revolving Commitments (it being understood that (a) prepayments of Revolving Loans other than in connection with a termination of commitments shall not be required to be on a pro rata basis and (b) the Borrower shall be permitted to permanently repay and terminate commitments of any such tranche of Revolving Loans on a better than pro rata basis as compared to any other tranche of Revolving Loans with a later maturity date than such tranche of Revolving Loans), (2) assignments and participations of Extended Revolving Commitments and extended Revolving Loans shall be governed by the same assignment and participation provisions applicable to Revolving Commitments and Revolving Loans or, at the Borrower's discretion, governed by more restrictive assignment and participation provisions and (3) at no time shall there be Revolving Commitments hereunder (including Extended Revolving Commitments and any original Revolving Commitments) which have more than five different maturity dates;

(iii) if the aggregate principal amount of Revolving Commitments in respect of which Revolving Lenders shall have accepted the relevant Revolver Extension Offer shall exceed the maximum aggregate principal amount of Revolving Commitments, as the case may be, offered to be extended by the Borrower pursuant to such Revolver Extension Offer, then the Revolving Loans of such Revolving Lenders shall be extended ratably up to such maximum amount based on the respective principal amounts (but not to exceed actual holdings of record) with respect to which such Revolving Lenders have accepted such Revolver Extension Offer;

(iv) if the aggregate principal amount of Revolving Commitments in respect of which Revolving Lenders shall have accepted the relevant Revolver Extension Offer shall be less than the maximum aggregate principal amount of Revolving Commitments, as the case may be, offered to be extended by the Borrower pursuant to such Revolver Extension Offer, then the Borrower may require each Revolving Lender that does not accept such Revolver Extension Offer to assign pursuant to Section 10.02 its pro rata share (or any portion thereof) of the outstanding Revolving Commitments,

Revolving Loans and/or participations in Letters of Credit (as applicable) offered to be extended pursuant to such Revolver Extension Offer to one or more assignees which have agreed to such assignment and to extend the applicable Revolving Facility Maturity Date; provided that (1) each Revolving Lender that does not respond affirmatively by the deadline set forth in the Revolver Extension Offer shall be deemed not to have accepted such Revolver Extension Offer, (2) each assigning Revolving Lender shall have received payment of an amount equal to the outstanding principal of its Revolving Loans and unreimbursed funded participations in LC Disbursements, accrued interest thereon, accrued fees and all other amounts payable to it hereunder, from the assignee (to the extent of such outstanding principal and accrued interest and fees or portion thereof that has been assigned pursuant to this Section 2.28(b)(iv), if applicable) or the Borrower (in the case of all other amounts), (3) the processing and recordation fee specified in Section 10.02(b)(ii)(D) shall be paid by the Borrower or such assignee and (4) the assigning Revolving Lender shall continue to be entitled to the rights under Section 10.04 for any period prior to the effectiveness of such assignment;

(v) all documentation in respect of such Revolver Extension shall be consistent with the foregoing unless otherwise agreed by the Administrative Agent and the Borrower;

(vi) the Borrower may amend, revoke or replace a Revolver Extension Offer at any time prior to the date on which Lenders under the tranche of Revolving Loans are requested to respond to the offer; and

(vii) any applicable Minimum Extension Condition shall be satisfied unless waived by the Borrower. For the avoidance of doubt, no Revolving Lender shall be obligated to accept any Revolver Extension Offer.

(c) *Minimum Extension Condition*. With respect to all Extensions consummated by the Borrower pursuant to this Section 2.28, (i) such Extensions shall not constitute mandatory or voluntary payments or prepayments for purposes of Section 2.12 or Section 2.13 and (ii) each Extension Offer shall specify the minimum amount of Term Loans or Revolving Commitments (if any), as the case may be, to be tendered, which shall be a minimum amount approved by the Administrative Agent (a "*Minimum Extension Condition*"). The Administrative Agent and the Lenders hereby consent to the transactions contemplated by this Section 2.28 (including, for the avoidance of doubt, payment of any interest, fees or premium in respect of any Extended Term Loans or Extended Revolving Commitments on such terms as may be set forth in the relevant Extension Offer) and hereby waive the requirements of any provision of this Agreement (including, without limitation, Sections 2.11, 2.12, 2.17 and 8.08) or any other Loan Document that may otherwise prohibit any such Extension or any other transaction contemplated by this Section 2.28.

(d) *Extension Amendment*. The consent of the Administrative Agent shall be required to effectuate any Extension, such consent not to be unreasonably withheld. No consent of any Lender shall be required to effectuate any Extension, other than (A) in the case of a Revolver Extension, (i) the consent of each Lender agreeing to such Extension with respect to all or any portion of its Revolving Commitments (or, in the case of an Extension pursuant to

clause (iv) of Section 2.28(b), the consent of the assignee agreeing to the assignment of one or more Revolving Commitments, Revolving Loans and/or participations in Letters of Credit) and (ii) the consent of each Issuing Lender, which consent shall not be unreasonably withheld or delayed and (B) in the case of a Term Loan Extension, the consent of each Lender agreeing to such Extension with respect to all or any portion of its Term Loans, as applicable. All Extended Term Loans and Extended Revolving Commitments and all obligations in respect thereof shall be Obligations under this Agreement and the other Loan Documents that are secured by the Collateral on a *pari passu* basis with all other applicable Obligations under this Agreement and the other Loan Documents. Notwithstanding anything else to the contrary set forth in this Agreement or the other Loan Documents, the Lenders hereby irrevocably authorize each Agent to enter into amendments to this Agreement and the other Loan Documents (each, an "*Extension Amendment*") with the Borrower as may be necessary in order to establish new tranches or sub-tranches or Classes in respect of Term Loans or Revolving Commitments so extended and such technical amendments as may be necessary or appropriate in the reasonable opinion of the Administrative Agent and the Borrower in connection with the establishment of such new tranches or sub-tranches or Classes, in each case on terms consistent with this Section 2.28. In addition, if so provided in such Extension Amendment relating to a Revolver Extension and with the consent of the Issuing Lenders, participations in Letters of Credit expiring on or after the Revolving Facility Maturity Date with respect to Revolving Commitments not so extended shall be re-allocated from Revolving Lenders holding Revolving Commitments to Revolving Lenders holding Extended Revolving Commitments in accordance with the terms of such Extension Amendment; provided, however, that such participation interests shall, upon receipt thereof by the relevant Lenders holding Extended Revolving Commitments, be deemed to be participation interests in respect of such Extended Revolving Commitments and the terms of such participation interests (including, without limitation, the commission applicable thereto) shall be adjusted accordingly; and provided, further, that the Borrower shall have the right (without limitation of its rights pursuant to Section 2.28(b)(iv) above) to (i) replace any non-extending Lender with respect to all or a portion of its Loans or Commitments, as applicable, in connection with either a Revolver Extension or a Term Loan Extension by having such Loans or Revolving Commitments (or any portion thereof) assigned, in accordance with Sections 2.28(b)(iv) and Section 10.02, at par, to one or more other Eligible Assignees or (ii) terminate all or a portion of the Commitments of, and repay the Obligations owing to any such non-extending Lender.

(e) In connection with any Extension, the Borrower shall provide the Administrative Agent at least five (5) Business Days (or such shorter period as may be agreed by the Administrative Agent) prior written notice thereof, and shall agree to such procedures (including, without limitation, regarding timing, rounding and other adjustments and to ensure reasonable administrative management of the credit facilities hereunder after such Extension), if any, as may be established by, or acceptable to, the Administrative Agent, in each case acting reasonably to accomplish the purposes of this Section 2.28.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

To induce the Lenders and any Issuing Lender to make Extensions of Credit requested by the Borrower to be made on the Closing Date and on each Borrowing Date (if any)

thereafter, each of the Borrower and the Guarantors jointly and severally represents and warrants, on the Closing Date and other than with respect to Sections 3.05(b), 3.06, 3.09(a) and 3.19 on each Borrowing Date (if any) thereafter, as follows:

SECTION 3.01 Organization and Authority. The Borrower and each Guarantor (a) is duly organized, validly existing and in good standing (to the extent such concept is applicable in the applicable jurisdiction) under the laws of the jurisdiction of its organization and is duly qualified and in good standing in each other jurisdiction in which the failure to so qualify would have a Material Adverse Effect and (b) has the requisite corporate or limited liability company power and authority under the laws of the jurisdiction of its organization, to effect the Transactions, to own or lease and operate its properties and to conduct its business as now or currently proposed to be conducted.

SECTION 3.02 Air Carrier Status. As of the date hereof, the Borrower is an "air carrier" within the meaning of Section 40102 of Title 49 and holds a certificate under Section 41102 of Title 49. The Borrower holds an air carrier operating certificate issued pursuant to Chapter 447 of Title 49. The Borrower is a "citizen of the United States" as defined in Section 40102(a)(15) of Title 49 and as that statutory provision has been interpreted by the DOT pursuant to its policies (a "*United States Citizen*"). The Borrower possesses all necessary certificates, franchises, licenses, permits, rights, designations, authorizations, exemptions, concessions, frequencies and consents of any Governmental Authority which relate to the operation of any Scheduled Services and the conduct of its business and operations as currently conducted, except where failure to so possess would not, individually or in the aggregate, have a Material Adverse Effect.

SECTION 3.03 Due Execution. Except (other than with respect to clause (a)(i) below) for any Transfer Restriction, the execution, delivery and performance by each of the Borrower and the Guarantors of each of the Loan Documents to which it is a party (a) are within the respective corporate or limited liability company powers of each of the Borrower and the Guarantors, have been duly authorized by all necessary corporate or limited liability company action, including the consent of shareholders or members where required, and do not (i) contravene the charter, by-laws or limited liability company agreement (or equivalent documentation) of any of the Borrower or the Guarantors, (ii) violate any applicable law (including, without limitation, the Exchange Act) or regulation (including, without limitation, Regulations T, U or X of the Board), or any order or decree of any court or Governmental Authority, other than violations by the Borrower or the Guarantors which would not reasonably be expected to have a Material Adverse Effect, (iii) conflict with or result in a breach of, or constitute a default under, any material indenture, mortgage or deed of trust or any material lease, agreement or other instrument binding on the Borrower or the Guarantors or any of their properties, which, in the aggregate, would reasonably be expected to have a Material Adverse Effect or (iv) result in or require the creation or imposition of any Lien upon any of the property of any of the Borrower or the other Grantors other than the Liens granted pursuant to this Agreement or the other Loan Documents and (b) do not require the consent, authorization by or approval of or notice to or filing or registration with any Governmental Authority or any other Person, other than (i) the filing of financing statements under the UCC, (ii) such as may be required in order to perfect and register the security interests and liens purported to be created by the Collateral Documents, (iii) approvals, consents and exemptions that have been obtained on or

prior to the Closing Date and remain in full force and effect, (iv) consents, approvals and exemptions that the failure to obtain in the aggregate would not be reasonably expected to result in a Material Adverse Effect and (v) routine reporting obligations. Each Loan Document to which the Borrower or any Guarantor is a party has been duly executed and delivered by each of the Borrower and the Guarantors party thereto. Each of this Agreement and the other Loan Documents to which the Borrower or any of the Guarantors is a party, is a legal, valid and binding obligation of the Borrower and each Guarantor party thereto, enforceable against the Borrower and the Guarantors, as the case may be, in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

SECTION 3.04 Statements Made.

(a) The written information furnished by or on behalf of the Borrower or any Guarantor to the Administrative Agent or any Lender in connection with the negotiation of this Agreement (as modified or supplemented by other written information so furnished), together with the Annual Report on Form 10-K for 2015 of Parent filed with the SEC and all Quarterly Reports on Form 10-Q or Current Reports on Form 8-K that have been filed after December 31, 2015, by Parent with the SEC (as amended), taken as a whole as of the Closing Date, did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein not misleading in light of the circumstances in which such information was provided; provided that, with respect to projections, estimates or other forward-looking information the Borrower and the Guarantors represent only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time that such forward-looking information was prepared.

(b) The Annual Report on Form 10-K of Parent most recently filed with the SEC, and each Quarterly Report on Form 10-Q and Current Report on Form 8-K of Parent filed with the SEC subsequently and prior to the date that this representation and warranty is being made, did not as of the date filed with the SEC (giving effect to any amendments thereof made prior to the date that this representation and warranty is being made) contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

SECTION 3.05 Financial Statements; Material Adverse Change.

(a) (i) The audited consolidated financial statements of Parent and its Subsidiaries for the fiscal year ended December 31, 2015, included in Parent's Annual Report on Form 10-K for 2015 filed with the SEC, as amended and (ii) the unaudited consolidated financial statement of Parent and its Subsidiaries for the fiscal quarters ending March 31, 2016, June 30, 2016 and September 30, 2016, each present fairly, in all material respects, in accordance with GAAP, the financial condition, results of operations and cash flows of Parent and its Subsidiaries on a consolidated basis as of such date and for such period (except that any unaudited consolidated financial statements are subject to normal year-end audit adjustments and the absence of footnotes).

(b) Except as disclosed in Parent's Annual Report on Form 10-K for 2015 or any subsequent report filed by Parent on Form 10-Q or Form 8-K with the SEC, since December 31, 2015, there has been no Material Adverse Change.

SECTION 3.06 Ownership of Subsidiaries. As of the Closing Date, other than as set forth on Schedule 3.06, (a) each of the Persons listed on Schedule 3.06 is a wholly-owned, direct or indirect Subsidiary of Parent and (b) Parent owns no other Subsidiaries (other than Immaterial Subsidiaries), whether directly or indirectly.

SECTION 3.07 Liens. There are no Liens of any nature whatsoever on any Collateral, except for Permitted Liens.

SECTION 3.08 Use of Proceeds. The proceeds of the Loans, and the Letters of Credit, shall be used for general corporate purposes.

SECTION 3.09 Litigation and Compliance with Laws.

(a) Except as disclosed in Parent's Annual Report on Form 10-K for 2015 or any subsequent report filed by Parent on Form 10-Q or Form 8-K with the SEC since December 31, 2015, there are no actions, suits, proceedings or investigations pending or, to the knowledge of the Borrower or the Guarantors, threatened against the Borrower or the Guarantors or any of their respective properties (including any properties or assets that constitute Collateral under the terms of the Loan Documents), before any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, that (i) are likely to have a Material Adverse Effect or (ii) could reasonably be expected to affect the legality, validity, binding effect or enforceability of the Loan Documents.

(b) Except with respect to any matters that, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect, the Borrower and each Guarantor to its knowledge is currently in compliance with all applicable statutes, regulations and orders of, and all applicable restrictions imposed by, all Governmental Authorities, in respect of the conduct of its business and ownership of its property.

SECTION 3.10 Slots. Each applicable Grantor holds its respective Pledged Slots pursuant to authority granted by the applicable Governmental Authorities and Foreign Aviation Authorities, and there exists no material violation by such Grantor of the terms, conditions or limitations of any rule, regulation or order of the applicable Governmental Authorities or Foreign Aviation Authorities regarding such Pledged Slots or any provisions of law applicable to such Pledged Slots that gives any applicable Governmental Authority or Foreign Aviation Authority the right to modify in any material respect, terminate, cancel or withdraw the rights of such Grantor in any such Pledged Slots to the extent such Governmental Authority or Foreign Aviation Authority would not have such right in the absence of such violation.

SECTION 3.11 Routes. With respect to any Pledged Route Authorities relating to any Scheduled Services, each applicable Grantor holds the requisite authority to operate over such Grantor's Pledged Route Authorities pursuant to Title 49 and all rules and regulations promulgated thereunder, subject only to the regulations of the DOT, the FAA and the applicable Foreign Aviation Authorities and applicable treaties and bilateral and multilateral air

transportation agreements, and there exists no material violation by such Grantor of any certificate or order issued by the DOT authorizing such Grantor to operate over such Pledged Route Authorities, the rules and regulations of any applicable Foreign Aviation Authority with respect to such Pledged Route Authorities or the provisions of Title 49 and rules and regulations promulgated thereunder applicable to such Pledged Route Authorities that gives the FAA, DOT or any applicable Foreign Aviation Authority the right to modify in any material respect, terminate, cancel or withdraw the rights of such Grantor in any such Pledged Route Authorities.

SECTION 3.12 Margin Regulations; Investment Company Act.

(a) Neither the Borrower nor any Guarantor is engaged, principally or as one of its important activities, in the business of purchasing or carrying margin stock (within the meaning of Regulation U issued by the Board, "*Margin Stock*"), or extending credit for the purpose of purchasing or carrying Margin Stock, and no proceeds of any Loans will be used to purchase or carry any Margin Stock or to extend credit to others for the purpose of purchasing or carrying any Margin Stock in violation of Regulation U.

(b) Neither the Borrower nor any Guarantor is, or after the making of the Loans will be, or is required to be, registered as an "investment company" under the Investment Company Act of 1940, as amended.

SECTION 3.13 Holding of Collateral. Each applicable Grantor is, and as to Collateral acquired by it from time to time after the date hereof each Grantor will be, the holder of all such Collateral free from any Lien except for (1) the Lien and security interest created by the Collateral Documents and (2) Permitted Liens.

SECTION 3.14 Perfected Security Interests. All UCC filings necessary or reasonably requested by the Collateral Agent to create, preserve, protect and perfect the security interests granted by the Borrower or any Guarantor, as applicable, to the Collateral Agent for the benefit of the Secured Parties in respect of the Collateral (other than the Account Collateral) under the Slot Security Agreement and the General Security Agreement have been accomplished by the Borrower or the relevant Grantor to the extent that such security interests can be perfected by filings under the UCC and all actions necessary to obtain control of the Account Collateral, if any, as provided in Sections 9-104 and 9-106 of the UCC have been taken by such Grantor to the extent that such security interests can be perfected on or before the date of execution and delivery of the Account Control Agreement, if any. Subject to any Intercreditor Agreement and any Other Intercreditor Agreement, the security interests granted to the Collateral Agent for the benefit of the Secured Parties pursuant to the Slot Security Agreement in and to the Collateral described therein constitute and hereafter at all times shall constitute a perfected security interest therein superior and prior to the rights of all other Persons therein (subject, in the case of priority only, only to Permitted Liens) to the extent such perfection and priority can be obtained by filings under the UCC and the Collateral Agent is entitled with respect to such perfected security interest to all the rights, priorities and benefits afforded by the UCC to perfected security interests.

SECTION 3.15 Payment of Taxes. Each of Parent and its Restricted Subsidiaries has timely filed or caused to be filed all Tax returns and reports required to have been filed by it

through the date hereof, except for such exceptions as would not individually or collectively have a Material Adverse Effect, and has paid or caused to be paid when due all Taxes required to have been paid by it, except such as are being contested in good faith by appropriate proceedings or as would not individually or collectively have a Material Adverse Effect.

SECTION 3.16 No Unlawful Payments. Neither of the Borrower, any Guarantor nor any of their respective subsidiaries nor, to the knowledge of the Borrower or any Guarantor, any director, officer, agent, employee or other person associated with or acting on behalf of the Borrower, any Guarantor or any of their respective subsidiaries has materially violated in the past five years or is in material violation of (1) laws relating to the use of any corporate funds for unlawful contributions, gifts, entertainment or other unlawful expenses relating to political activity, (2) laws relating to direct or indirect unlawful payments to any foreign or domestic government official or employee from corporate funds, (3) the Foreign Corrupt Practices Act of 1977, as amended, or the rules and regulations thereunder or (4) laws relating to bribes, rebates, payoffs, influence payments, kickbacks or other unlawful payments. The Borrower and each Guarantor has implemented compliance programs for purposes of (a) informing the appropriate officers and employees of the Borrower, such Guarantor and their respective subsidiaries of the Borrower's and such Guarantor's policies to ensure compliance with the laws described under (1) through (4) above, and (b) requiring such officers and employees to report to the Borrower and such Guarantor any knowledge they may have of violations of the Borrower's and such Guarantor's policies referred to above. The Borrower and each Guarantor will not directly or indirectly use the proceeds of the Loans and Letter of Credit issuances hereunder, or lend, contribute or otherwise make available such proceeds to any of its subsidiaries or joint venture partners or any other person or entity, for any purpose in breach of any laws described in clause (1) – (4) above.

SECTION 3.17 OFAC. Neither of the Borrower, any Guarantor, nor any of their respective subsidiaries nor, to the knowledge of the Borrower and any Guarantor, any director, officer, agent, employee or other person acting on behalf of the Borrower, any Guarantor or any of their respective subsidiaries is currently the subject of any U.S. sanctions administered by the U.S. federal government (including the Office of Foreign Assets Control of the U.S. Treasury Department ("*OFAC*")); and the Borrower and each Guarantor will not directly or indirectly use the proceeds of the Loans and Letter of Credit issuances hereunder, or lend, contribute or otherwise make available such proceeds to any of its subsidiaries or joint venture partners or any other person or entity, for the purpose of financing the activities of any person currently the subject of any U.S. sanctions administered by the U.S. federal government (including OFAC).

SECTION 3.18 Compliance with Anti-Money Laundering Laws. The operations of the Borrower, any Guarantor and their respective subsidiaries are and have been conducted at all times in material compliance with all applicable financial recordkeeping and reporting requirements, including those of the Bank Secrecy Act, as amended by the Patriot Act, and the applicable anti-money laundering statutes of jurisdictions where the Borrower, any Guarantor and their respective subsidiaries conduct business, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any governmental agency (collectively, the "*Anti-Money Laundering Laws*"), and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Borrower, any Guarantor or any of their respective subsidiaries with respect to the Anti-Money Laundering Laws is pending or, to the best knowledge of the Borrower and any Guarantor, threatened.

SECTION 3.19 Solvency. As of the Closing Date, after giving effect to the Loans made on such date and the payment of all costs and expenses in connection therewith, the Borrower and the Guarantors, taken as a whole, are Solvent.

SECTION 3.20 EEA Financial Institution. None of Parent, the Borrower or any other Loan Party is an EEA Financial Institution.

ARTICLE IV

CONDITIONS OF LENDING

SECTION 4.01 Conditions Precedent to Closing. This Agreement shall become effective on the date on which the following conditions precedent shall have been satisfied (or waived by the Lenders in accordance with Section 10.08 and by the Administrative Agent):

(a) *Supporting Documents*. The Administrative Agent shall have received with respect to each of the Borrower and the Guarantors in form and substance reasonably satisfactory to the Administrative Agent:

(i) a certificate of the Secretary of State of the state of such entity's incorporation or formation, dated as of a recent date, as to the good standing of that entity (to the extent available in the applicable jurisdiction);

(ii) a certificate of the Secretary or an Assistant Secretary (or similar officer), of such entity dated the Closing Date and certifying (A) that attached thereto is a true and complete copy of the certificate of incorporation or formation and the by-laws or limited liability company or other operating agreement (as the case may be) of that entity as in effect on the date of such certification, (B) that attached thereto is a true and complete copy of resolutions adopted by the Board of Directors, board of managers or members of that entity authorizing the Borrowings and Letter of Credit issuances hereunder, the execution, delivery and performance in accordance with their respective terms of this Agreement, the other Loan Documents and any other documents required or contemplated hereunder or thereunder, and the granting of the security interest in the Letter of Credit Account and other Liens contemplated hereby or the other Loan Documents (in each case to the extent applicable to such entity), (C) that the certificate of incorporation or formation of that entity has not been amended since the date of the last amendment thereto indicated on the certificate of the Secretary of State furnished pursuant to clause (i) above, and (D) as to the incumbency and specimen signature of each Responsible Officer of that entity executing this Agreement and the Loan Documents or any other document delivered by it in connection herewith or therewith (such certificate to contain a certification by another Responsible Officer of that entity as to the incumbency and signature of the Responsible Officer signing the certificate referred to in this clause (ii)); and

(iii) an Officer's Certificate certifying (A) as to the truth in all material respects of the representations and warranties set forth in Sections 3.01 through 3.15 hereunder and in the other Loan Documents and made by it as though made on the Closing Date, except to the extent that any such representation or warranty relates to a specified date, in which case as of such date (provided that any representation or warranty that is qualified by materiality (it being understood that any representation or warranty that excludes circumstances that would not result in a "Material Adverse Change" or "Material Adverse Effect" shall not be considered (for purposes of this proviso) to be qualified by materiality) shall be true and correct in all respects as of the applicable date, before and after giving effect to the Closing Date Transactions) and (B) as to the absence of any event occurring and continuing, or resulting from the Closing Date Transactions, that constitutes a Default or an Event of Default.

(b) *Credit Agreement*. Each party hereto shall have duly executed and delivered to the Administrative Agent this Agreement.

(c) *Loan Documents*. The Borrower shall have duly executed and delivered to the Administrative Agent the Slot Security Agreement, dated the Closing Date in substantially the form of Exhibit A, the General Security Agreement, dated the Closing Date in substantially the form of Exhibit C, the other Collateral Documents and the other Loan Documents, together with all UCC financing statements in form and substance reasonably acceptable to the Collateral Agent, as may be required to grant, continue and maintain an enforceable security interest in the applicable Collateral (subject to the terms hereof and of the other Loan Documents) in accordance with the UCC as enacted in all relevant jurisdictions.

(d) *Initial Appraisal*. The Administrative Agent shall have received (x) the Initial Appraisals in form reasonably satisfactory to the Administrative Agent, and (y) an Officer's Certificate from a Responsible Officer of the Borrower demonstrating that, using the Appraised Value listed in the Initial Appraisal, on the Closing Date and after giving effect to the Extensions of Credit to be made on such date, the Collateral Coverage Ratio shall be no less than 1.6 to 1.0.

(e) *Opinions of Counsel*. The Administrative Agent and the Lenders shall have received:

(i) a customary written opinion of Latham & Watkins LLP, special counsel for Parent, the Borrower and each other Guarantor, with respect to enforceability of the Loan Documents and related matters and with respect to the creation and perfection of the lien of the Slot Security Agreement and the General Security Agreement, addressed to the Administrative Agent, the Revolving Lenders and the Class B Term Loan Lenders, and dated the Closing Date; and

(ii) a customary written opinion of Latham & Watkins LLP, special counsel for Parent, the Borrower and each other Guarantor, with respect to the Collateral consisting of FAA Slots, addressed to the Administrative Agent, the Revolving Lenders and the Class B Term Loan Lenders, and dated the Closing Date.

(f) *Payment of Fees and Expenses*. The Borrower shall have paid to the Administrative Agent, the Joint Lead Arrangers and Bookrunners and the Lenders the then-unpaid balance of all accrued and unpaid Fees due, owing and payable under and pursuant to this Agreement, as referred to in Section 2.19, and all reasonable and documented out-of-pocket expenses of the Administrative Agent (including reasonable fees of counsel) for which invoices have been presented at least three (3) Business Days prior to the Closing Date.

(g) *Lien Searches*. The Administrative Agent shall have received UCC searches reasonably acceptable to the Administrative Agent conducted in the jurisdiction in which the Borrower is incorporated, reflecting the absence of Liens and encumbrances on the assets of the Borrower constituting Collateral on the Closing Date, other than Permitted Liens.

(h) *Consents*. All material governmental and third-party consents and approvals necessary in connection with the financing contemplated hereby shall have been obtained, in form and substance reasonably satisfactory to the Administrative Agent, and be in full force and effect.

(i) *Representations and Warranties*. All representations and warranties of the Borrower and the Guarantors contained in this Agreement and the other Loan Documents executed and delivered on the Closing Date other than Section 3.19 shall be true and correct in all material respects on and as of the Closing Date, before and after giving effect to the Closing Date Transactions, as though made on and as of such date (except to the extent any such representation or warranty by its terms is made as of a different specified date, in which case as of such specified date); provided that any representation or warranty that is qualified by materiality (it being understood that any representation or warranty that excludes circumstances that would not result in a "Material Adverse Change" or "Material Adverse Effect" shall not be considered (for purposes of this proviso) to be qualified by materiality) shall be true and correct in all respects, as though made on and as of the applicable date, before and after giving effect to the Closing Date Transactions.

(j) *No Event of Default; No Material Adverse Change*. No Default or Event of Default shall have occurred and be continuing. Since December 31, 2015, there shall not have occurred a Material Adverse Change.

(k) *Patriot Act*. The Lenders shall have received at least ten (10) days prior to the Closing Date all documentation and other information required by bank regulatory authorities under applicable "know-your-customer" and anti-money laundering rules and regulations, including the Patriot Act, that such Lenders shall have requested from the Borrower or Guarantor prior to such date.

(l) *Financial Deliverables*. The Administrative Agent shall have received the most recent financial statements required to be delivered pursuant to Sections 5.01(a) and (b) and reports of the Borrower and Parent, which have been filed with the SEC.

(m) *Perfected Liens*. The Collateral Agent, for the benefit of the Secured Parties, shall have obtained a valid and perfected first priority lien on and security interest in the Collateral to the extent such security interests can be perfected under the UCC and all UCC

financing statements to be filed in the Borrower's jurisdiction of organization in connection with the perfection of such security interests shall have been executed and delivered or made, or shall be delivered or made substantially concurrently with the initial funding.

The execution by each Lender of this Agreement shall be deemed to be confirmation by such Lender that any condition relating to such Lender's satisfaction or reasonable satisfaction with any documentation set forth in this Section 4.01 has been satisfied as to such Lender.

SECTION 4.02 Conditions Precedent to Each Loan and Each Letter of Credit. The obligation of the Lenders to make each Loan and of the Issuing Lenders to issue each Letter of Credit, including the initial Loans and the initial Letters of Credit, is subject to the satisfaction (or waiver in accordance with Section 10.08) of the following conditions precedent (provided, that any condition precedent to drawing of a Revolving Loan may be waived only by the Required Revolving Lenders):

(a) *Notice*. The Administrative Agent shall have received a Loan Request pursuant to Section 2.03 with respect to such borrowing or a Letter of Credit Request for issuance of such Letter of Credit pursuant to Section 2.02, as the case may be.

(b) *Representations and Warranties*. All representations and warranties contained in this Agreement and the other Loan Documents (other than in the case of each Borrowing Date after the Closing Date, the representations and warranties set forth in Sections 3.05(b), 3.06, 3.09(a) and 3.19) shall be true and correct in all material respects on and as of the date of such Loan or the issuance of such Letter of Credit hereunder (both before and after giving effect thereto and, in the case of each Loan, the application of proceeds therefrom) with the same effect as if made on and as of such date except to the extent such representations and warranties expressly relate to an earlier date and in such case as of such date; provided that any representation or warranty that is qualified by materiality (it being understood that any representation or warranty that excludes circumstances that would not result in a "Material Adverse Change" or "Material Adverse Effect" shall not be considered (for purposes of this proviso) to be qualified by materiality) shall be true and correct in all respects, as though made on and as of the applicable date, before and after giving effect to such Loan or the issuance of such Letter of Credit hereunder.

(c) *No Default*. On the date of such Loan or the issuance of such Letter of Credit hereunder, no (i) Event of Default or (ii) Default with respect to Section 7.01(b), (e), (f) or (g) shall have occurred and be continuing nor shall any such Default or Event of Default, as the case may be, occur by reason of the making of the requested Borrowing or the issuance of the requested Letter of Credit and, in the case of each Loan, the application of proceeds thereof.

(d) *Collateral Coverage Ratio*. On the date of such Loan or the issuance of such Letter of Credit hereunder (and after giving pro forma effect thereto), the Collateral Coverage Ratio shall not be less than 1.6 to 1.0 as evidenced by the delivery of a Collateral Coverage Ratio Certificate to the Administrative Agent demonstrating such compliance.

(e) *No Going Concern Qualification*. On the date of such Loan or the issuance of such Letter of Credit hereunder, the opinion of the independent public accountants

(after giving effect to any reissuance or revision of such opinion) on the most recent audited consolidated financial statements delivered by Parent pursuant to Section 5.01(a) shall not include a "going concern" qualification under GAAP as in effect on the date of this Agreement or, if there is a change in the relevant provisions of GAAP thereafter, any like qualification or exception under GAAP after giving effect to such change.

The acceptance by the Borrower of each Extension of Credit hereunder shall be deemed to be a representation and warranty by the Borrower that the conditions specified in this Section 4.02 have been satisfied at that time.

ARTICLE V

AFFIRMATIVE COVENANTS

From the date hereof and for so long as the Commitments remain in effect, any Letter of Credit remains outstanding (in a face amount in excess of the sum of (i) the amount of cash then held in the Letter of Credit Account and (ii) the face amount of back-to-back letters of credit delivered pursuant to Section 2.02(j)), or the principal of, or interest on, any Loan or reimbursement of any LC Disbursement is owing (or any other amount that is due and unpaid on the first date that none of the foregoing is in effect, outstanding or owing, respectively, is owing) to any Lender or the Administrative Agent hereunder:

SECTION 5.01 Financial Statements, Reports, etc. The Borrower shall deliver to the Administrative Agent on behalf of the Lenders:

(a) within ninety (90) days after the end of each fiscal year, Parent's consolidated balance sheet and related statement of income and cash flows, showing the financial condition of Parent and its Subsidiaries on a consolidated basis as of the close of such fiscal year and the results of their respective operations during such year, such consolidated financial statements of Parent to be audited for Parent by independent public accountants of recognized national standing and to be accompanied by an opinion of such accountants (which opinion shall be unqualified as to scope of such audit) to the effect that such consolidated financial statements fairly present in all material respects the financial condition and results of operations of Parent and its Subsidiaries on a consolidated basis in accordance with GAAP; provided that the foregoing delivery requirement shall be satisfied if Parent shall have filed with the SEC its Annual Report on Form 10-K for such fiscal year, which is available to the public via EDGAR or any similar successor system;

(b) within forty-five (45) days after the end of each of the first three fiscal quarters of each fiscal year, Parent's consolidated balance sheets and related statements of income and cash flows, showing the financial condition of Parent and its Subsidiaries on a consolidated basis as of the close of such fiscal quarter and the results of their operations during such fiscal quarter and the then-elapsed portion of the fiscal year, each certified by a Responsible Officer of Parent as fairly presenting in all material respects the financial condition and results of operations of Parent and its Subsidiaries on a consolidated basis in accordance with GAAP, subject to normal year-end audit adjustments and the absence of footnotes; provided that the foregoing delivery requirement shall be satisfied if Parent shall have filed with the SEC its Quarterly Report on Form 10-Q for such fiscal quarter, which is available to the public via EDGAR or any similar successor system;

(c) within the time period under Section 5.01(a), a certificate of a Responsible Officer of the Borrower certifying that, to the knowledge of such Responsible Officer, no Event of Default has occurred and is continuing, or, if, to the knowledge of such Responsible Officer, such an Event of Default has occurred and is continuing, specifying the nature and extent thereof and any corrective action taken or proposed to be taken with respect thereto;

(d) within the time period under (a) and (b) of this Section 5.01, an Officer's Certificate demonstrating in reasonable detail compliance with Section 6.08 as of the end of the preceding fiscal quarter;

(e) promptly after the occurrence thereof, written notice of the termination of a Plan of the Borrower or an ERISA Affiliate pursuant to Section 4042 of ERISA, to the extent such termination would constitute an Event of Default under Section 7.01(j);

(f) a Collateral Coverage Ratio Certificate, as and when required under Section 6.09(a);

(g) so long as any Commitment, Loan or Letter of Credit is outstanding, promptly after the Chief Financial Officer or the Treasurer of Parent becoming aware of the occurrence of a Default or an Event of Default that is continuing, an Officer's Certificate specifying such Default or Event of Default and what action Parent and its Subsidiaries are taking or propose to take with respect thereto;

(h) promptly after a Responsible Officer of Parent or the Borrower obtains knowledge thereof, written notice of the filing or commencement of any action, suit or proceeding by or before any arbitrator or Governmental Authority against or affecting Parent or any Subsidiary that would reasonably be expected to result in a Material Adverse Effect under clause (a) (with respect to any such action, suit or proceeding that is described by the Company or the Parent in a current report on Form 8-k filed with the SEC), (b) or (c) of the definition thereof;

(i) a Collateral Coverage Ratio Certificate as and when required under Section 6.04(ii)(D); and

(j) reasonably promptly following a request, all documentation and information reasonably requested by the Administrative Agent on behalf of a Lender, Agent or Issuing Lender solely to the extent such Lender, Agent or Issuing Lender is required to obtain such information pursuant to "know your customer" and similar laws and regulations.

Any certificate to be delivered under this Section 5.01 may, at the Borrower's option, be combined with any other certificate to be delivered under this Section 5.01 within the same time period.

Subject to the next succeeding sentence, information delivered pursuant to this Section 5.01 to the Administrative Agent may be made available by the Administrative Agent to

the Lenders by posting such information on the SyndTrak website on the Internet at http://www.syndtrak.com. Information required to be delivered pursuant to this Section 5.01 by the Borrower (and solely in the case of Section 5.01(a) or (b) above to the extent not made available on EDGAR) shall be delivered pursuant to Section 10.01 or as set forth in the following sentence. Information required to be delivered pursuant to this Section 5.01 (to the extent not made available as set forth above) shall be deemed to have been delivered to the Administrative Agent on the date on which the Borrower provides written notice to the Administrative Agent that such information has been posted on the Borrower's general commercial website on the Internet (to the extent such information has been posted or is available as described in such notice), as such website may be specified by the Borrower to the Administrative Agent from time to time. Information required to be delivered pursuant to this Section 5.01 shall be in a format which is suitable for transmission.

Any notice or other communication delivered pursuant to this Section 5.01, or otherwise pursuant to this Agreement, shall be deemed to contain material non-public information unless (i) expressly marked by the Borrower or a Guarantor as "PUBLIC," (ii) such notice or communication consists of copies of the Borrower's public filings with the SEC or (iii) such notice or communication has been posted on the Borrower's general commercial website on the Internet, as such website may be specified by the Borrower to the Administrative Agent from time to time.

SECTION 5.02 Taxes. Parent shall pay, and shall cause each of its Subsidiaries to pay, all material taxes, assessments and governmental levies imposed or assessed on any of them or any of their assets before the same shall become more than 90 days delinquent, other than taxes, assessments and levies (i) being contested in good faith by appropriate proceedings or (ii) the failure to effect such payment of which are not reasonably be expected to have, individually or collectively, a Material Adverse Effect on Parent.

SECTION 5.03 Corporate Existence. Parent shall do or cause to be done all things reasonably necessary to preserve and keep in full force and effect:

(1) its corporate existence, and the corporate, partnership or other existence of each of its Restricted Subsidiaries, in accordance with the respective organizational documents (as the same may be amended from time to time) of Parent or any such Restricted Subsidiary; and

(2) the rights (charter and statutory) and material franchises of Parent and its Restricted Subsidiaries; provided, however, that Parent shall not be required to preserve any such right or franchise, or the corporate, partnership or other existence of it or any of its Restricted Subsidiaries, if a Responsible Officer of the Borrower or Parent shall, in such officer's reasonable judgment, determine that the preservation thereof is no longer desirable in the conduct of the business of Parent and its Subsidiaries, taken as a whole, and that the loss thereof would not, individually or in the aggregate, have a Material Adverse Effect.

For the avoidance of doubt, this Section 5.03 shall not prohibit any actions permitted by Section 6.10 or described in Section 6.10(b).

SECTION 5.04 Compliance with Laws. Except for laws, rules, regulations and orders applicable to Route Authorities, Slots and Gate Leaseholds (it being understood that Section 5.07 applies, to the extent set forth therein, to laws, rules, regulations and orders applicable to Route Authorities, Slots and Gate Leaseholds), Parent shall comply, and cause each of its Restricted Subsidiaries to comply, with all applicable laws, rules, regulations and orders of any Governmental Authority applicable to it or its property, except where such noncompliance, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

SECTION 5.05 Designation of Restricted and Unrestricted Subsidiaries.

(a) Parent may designate any Restricted Subsidiary of it (other than the Borrower) to be an Unrestricted Subsidiary if that designation would not cause a Default. If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, the aggregate Fair Market Value of all outstanding Investments owned by Parent and its Restricted Subsidiaries in the Subsidiary designated as an Unrestricted Subsidiary will be deemed to be an Investment made as of the time of the designation. That designation will be permitted only if the Investment would be permitted at that time under Section 6.01 and if the Restricted Subsidiary otherwise meets the definition of an "Unrestricted Subsidiary." Parent may redesignate any Unrestricted Subsidiary to be a Restricted Subsidiary if that redesignation would not cause a Default.

(b) Parent may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary of Parent; provided that such designation will be permitted only if no Default or Event of Default would be in existence following such designation.

(c) In connection with the designation of an Unrestricted Subsidiary as provided in Section 5.05(a), (x) such designated Unrestricted Subsidiary shall be released from its Guarantee of the Obligations and (y) any Liens on such designated Unrestricted Subsidiary and any of the Collateral of such designated Unrestricted Subsidiary shall be released.

SECTION 5.06 Delivery of Appraisals.

(1) A single time during each calendar year, commencing in 2017, with respect to each category of Collateral; and

(2) within the 45-day period following a request by the Administrative Agent if an Event of Default has occurred and is continuing,

the Borrower will deliver to the Administrative Agent one Appraisal establishing the Appraised Value of such Collateral (other than any cash or Cash Equivalents in the Collateral).

For the avoidance of doubt, the Appraised Value of any Qualified Replacement Assets or Additional Collateral (other than any cash or Cash Equivalents) pledged by the Borrower or another Grantor that has not previously been included in an Appraisal shall be deemed to be zero until an Appraisal of such Qualified Replacement Assets or Additional Collateral has been delivered to the Administrative Agent.

Subject to the next succeeding sentence, the Borrower shall deliver the Appraisals described above to the Administrative Agent and the Administrative Agent shall make such Appraisals available to the Lenders by posting such information on the confidential, non-public portion of the SyndTrak website on the Internet at http://www.syndtrak.com. Information required to be delivered pursuant to this Section 5.06 by the Borrower shall be delivered pursuant to Section 10.01 and shall be deemed to contain material non-public information.

SECTION 5.07 Regulatory Matters; Utilization; Reporting.

(a) The Borrower will:

(1) maintain at all times its status as an "air carrier" within the meaning of Section 40102(a)(2) of Title 49 and hold or co-hold a certificate under Section 41102(a)(1) of Title 49;

(2) maintain at all times its status at the FAA as an "air carrier" and hold or co-hold an air carrier operating certificate under Section 44705 of Title 49 and operations specifications issued by the FAA pursuant to Parts 119 and 121 of Title 14;

(3) possess and maintain all certificates, exemptions, licenses, permits, designations, authorizations, frequencies and consents required by the FAA, the DOT or any applicable Foreign Aviation Authority or Airport Authority or any other Governmental Authority that are material to the operation of the Pledged Route Authorities and Pledged Slots operated by it, and to the conduct of its business and operations as currently conducted, in each case, to the extent necessary for the Borrower's operation of any related Scheduled Services, except to the extent that any failure to possess or maintain would not reasonably be expected to result in a Material Adverse Effect;

(4) with respect to any Foreign Route Slots included as Collateral, maintain Pledged Foreign Gate Leaseholds sufficient to ensure its ability to operate any related Scheduled Services and to preserve its right in and to such Pledged Slots, except to the extent that any failure to maintain would not reasonably be expected to result in a Material Adverse Effect;

(5) utilize its Pledged Slots in a manner consistent with applicable regulations, rules, foreign law and contracts in order to preserve its right to hold and use its Pledged Slots, taking into account any waivers or other relief granted to it by the FAA, the DOT, any Foreign Aviation Authority or any Airport Authority, except to the extent that any failure to utilize would not reasonably be expected to result in a Material Adverse Effect;

(6) cause to be done all things reasonably necessary to preserve and keep in full force and effect its rights in and to use its Pledged Slots, including, without limitation, satisfying any applicable Use or Lose Rule, except to the extent that any failure to do so would not reasonably be expected to result in a Material Adverse Effect;

(7) to the extent any FAA Route Slots or Foreign Route Slots are included as Collateral, utilize any related Pledged Route Authorities in a manner consistent with

Title 49, applicable foreign law, the applicable rules and regulations of the FAA, the DOT and any applicable Foreign Aviation Authorities, and any applicable treaty in order to preserve its rights to operate any related Scheduled Services, except to the extent that any failure to utilize would not reasonably be expected to result in a Material Adverse Effect; and

(8) to the extent any FAA Route Slots or Foreign Route Slots are included as Collateral, cause to be done all things reasonably necessary to preserve and keep in full force and effect its authority to operate any related Scheduled Services, except to the extent that any failure to do so would not reasonably be expected to result in a Material Adverse Effect.

(b) Without in any way limiting Section 5.07(a), to the extent any FAA Route Slots or Foreign Route Slots are included as Collateral, (i) the Borrower will promptly take all such steps as may be necessary to obtain renewal of any related Pledged Route Authorities from the DOT and any applicable Foreign Aviation Authorities, in each case to the extent necessary to operate any related Scheduled Services, within a reasonable time prior to the expiration of such authority (as prescribed by law or regulation, if any), and promptly notify the Administrative Agent if it has been informed that such authority will not be renewed, except to the extent that any failure to take such steps would not reasonably be expected to result in a Material Adverse Effect and (ii) the Borrower will pay any applicable filing fees and other expenses related to the submission of applications, renewal requests, and other filings as may be reasonably necessary to maintain or obtain its rights in any related Pledged Route Authorities and have access to any related Pledged Foreign Gate Leaseholds in each case to the extent necessary to operate any related Scheduled Services.

Notwithstanding any provision of this Section 5.07 or anything else in this Agreement or any other Loan Document to the contrary, (x) for the avoidance of doubt, any Disposition of Collateral permitted by Section 6.04 shall be permitted by the provisions described above, and nothing herein shall prohibit the Borrower or any Grantor from reducing the frequency of flight operations over any Scheduled Service or other scheduled service or suspending or cancelling any Scheduled Service or other scheduled service, (y) nothing shall restrict or prohibit or require the Borrower or any other Grantor to contest any retiming or other adjustment of the time or time period for landing or takeoff or any adjustment with respect to terminal access or seating capacity, in each case with respect to any Pledged Slot (whether accomplished by modification, substitution or exchange) for which no consideration is received by the Borrower or any of its Affiliates; provided that any other Slot received by the Borrower or any of its Affiliates in connection with any such retiming or other adjustment of the time or time period for landing or takeoff with respect to any Pledged Slot shall not constitute consideration and (z) neither the Borrower nor any other Grantor shall have any obligation to contest the application of, challenge the interpretation of, or take or refrain from taking any action to influence the enactment or the implementation of any legislation, regulation, policy or other action of the FAA, the DOT, any applicable Foreign Aviation Authority, Airport Authority or any other Governmental Authority that affects the existence, availability or value of properties or rights of the same type as Route Authorities, Slots or Gate Leaseholds to air carriers generally (and not solely to the Borrower or solely to any other applicable Grantor), including any such legislation, regulation, policy or action relating to the applicability of Foreign Slots or FAA Slots to flight operations at any airport.

SECTION 5.08 Maintenance of Ratings. The Borrower will use commercially reasonable efforts to maintain a rating of the Facilities by each of S&P and Moody's after such ratings are obtained (but not to obtain or maintain a specific rating).

SECTION 5.09 Additional Guarantors; Additional Collateral.

(a) If (x) Parent or any of its Restricted Subsidiaries acquires or creates another Domestic Subsidiary after the Closing Date or (y) Parent, in its sole discretion, elects to cause a Domestic Subsidiary that is not a Guarantor to become a Guarantor, then Parent will promptly cause such Domestic Subsidiary to become a party to the Guaranty by executing an Instrument of Assumption and Joinder substantially in the form attached hereto as Exhibit E; provided, that any Domestic Subsidiary that constitutes an Immaterial Subsidiary, a Receivables Subsidiary or an Excluded Subsidiary need not become a Guarantor unless and until 30 Business Days after such time as it ceases to be (and is no longer any of) an Immaterial Subsidiary, a Receivables Subsidiary or an Excluded Subsidiary or such time as it guarantees, or pledges any property or assets to secure, any other Obligations.

(b) If any Domestic Subsidiary that constitutes an Immaterial Subsidiary, a Receivables Subsidiary or an Excluded Subsidiary on the Closing Date ceases to be (and is no longer any of) an Immaterial Subsidiary, a Receivables Subsidiary or an Excluded Subsidiary or at such time as it guarantees, or pledges any property or assets to secure, any Obligations hereunder, then Parent will promptly cause such Domestic Subsidiary to become a party to the Guaranty by executing an Instrument of Assumption and Joinder substantially in the form attached hereto as Exhibit E within 30 Business Days after such time as it ceases to be (and is no longer any of) an Immaterial Subsidiary, a Receivables Subsidiary or an Excluded Subsidiary or such time as it guarantees, or pledges any property or assets to secure, any other Obligations.

(c) Notwithstanding the provisions in Section 5.09(a) and 5.09(b), no Regional Airline shall be required to become a Guarantor hereunder at any time, provided however that a Regional Airline may become a Guarantor at the sole discretion of the Borrower.

(d) At any time, with prior written notice to the Administrative Agent and the Collateral Agent, the Borrower may, and may cause any other Guarantor to, at its sole discretion, pledge assets as Additional Collateral.

SECTION 5.10 Inspection; Access to Books and Records.

(a) The Borrower and the Guarantors will make and keep books, records and accounts in which full, true and correct entries in conformity with GAAP are made of all financial dealings and transactions in relation to its business and activities, including, without limitation, an accurate and fair reflection of the transactions and dispositions of the assets of the Borrower and the Guarantors.

(b) The Borrower and the Guarantors will permit, to the extent not prohibited by applicable law or contractual obligations, any representatives designated by the

Administrative Agent or any Governmental Authority that is authorized to supervise or regulate the operations of a Lender, as designated by such Lender, upon reasonable prior written notice and, so long as no Event of Default has occurred and is continuing, at no out-of-pocket cost to the Borrower and the Guarantors, to (x) visit and inspect the properties of each of the Borrower and the Guarantors, (y) examine its books and records, and (z) to discuss its affairs, finances and condition with its officers and independent accountants, all at such reasonable times during normal business hours and as often as reasonably requested (it being understood that a representative of the Borrower will be present) subject to any restrictions in any applicable Collateral Document; provided that if an Event of Default has occurred and is continuing, the Borrower and the Guarantors shall be responsible for the reasonable costs and expenses of any visits of the Administrative Agent and the Lenders, acting together (but not separately); provided, further that with respect to Collateral and matters relating thereto, the rights of Administrative Agent and the Lenders under this Section 5.10 shall be limited to the following: upon the request of the Administrative Agent, the applicable Grantor will permit the Administrative Agent or any of its agents or representatives, at reasonable times and intervals upon reasonable prior notice, to (x) visit during normal business hours its offices, sites and properties and (y) inspect any documents relating to (i) the existence of such Collateral, (ii) with respect to Collateral other than Pledged Route Authorities, Pledged Slots and Pledged Gate Leaseholds, the condition of such Collateral, and (iii) the validity, perfection and priority of the Liens on such Collateral, and to discuss such matters with its officers, except to the extent the disclosure of any such document or any such discussion shall result in the applicable Grantor's violation of its contractual or legal obligations. All confidential or proprietary information obtained in connection with any such visit, inspection or discussion shall be held confidential by the Administrative Agent and each agent or representative thereof and shall not be furnished or disclosed by any of them to anyone other than their respective bank examiners, auditors, accountants, agents and legal counsel, and except as may be required by an order of any court or administrative agency or by any statute, rule, regulation or order of any Governmental Authority.

SECTION 5.11 Further Assurances.

(a) With respect to Pledged Route Authorities, Pledged Slots and Pledged Gate Leaseholds, upon the reasonable request of the Collateral Agent, the Borrower or the applicable Grantor shall take, or cause to be taken, such actions with respect to the due and timely recording, filing, re-recording and refiling of any financing statements and any continuation statements under the UCC as are necessary to maintain, so long as such Slot Security Agreement or other applicable Collateral Document is in effect, the perfection of the security interests created by such Slot Security Agreement or such Collateral Document, as applicable, in such Pledged Route Authorities, Pledged Slots and Pledged Gate Leaseholds, subject, in each case, to Permitted Liens, or at the reasonable request of the Collateral Agent will furnish the Collateral Agent, together with such financing statements and continuation statements, as may be required to enable the Collateral Agent to take such action;

(b) With respect to Collateral constituting aircraft or spare engines, the Aircraft Security Agreement or Spare Engine Security Agreement, as applicable, will provide that the Borrower or the applicable Grantor shall take, or cause to be taken, upon the reasonable request of the Collateral Agent, such actions with respect to the due and timely recording, filing, re-recording and refiling of such Aircraft Security Agreement or Spare Engine Security

Agreement, as applicable, and any financing statements and any continuation statements or other instruments as are necessary to maintain, so long as such Aircraft Security Agreement or Spare Engine Security Agreement, as applicable, is in effect, the perfection of the security interests created by such Aircraft Security Agreement or Spare Engine Security Agreement, as applicable, in such aircraft or spare engines, subject in each case, to Permitted Liens, or at the reasonable request of the trustee appointed pursuant to Section 8.01(d) will furnish such trustee with such instruments, in execution form, and such other information, as may be required to enable such trustee to take such action;

(c) With respect to Pledged Spare Parts located at Spare Parts Locations, the Spare Parts Security Agreement will provide that the Borrower or the applicable Grantor shall take, or cause to be taken, upon the reasonable request of the Collateral Agent, such actions with respect to the due and timely recording, filing, re-recording and refiling of such Spare Parts Security Agreement and any financing statements and any continuation statements or other instruments as are necessary to maintain, so long as such Spare Parts Security Agreement is in effect, the perfection of the security interests created by such Spare Parts Security Agreement in such Pledged Spare Parts located at such Spare Parts Locations, subject to Permitted Liens;

(d) With respect to Collateral constituting Real Property Assets, each of the applicable Collateral Documents relating to such Collateral will provide that the Borrower or the applicable Grantor shall provide, or cause to be provided to the Collateral Agent each document (including title policies or marked-up unconditional insurance binders (in each case, together with copies of all exception documents referred to therein), maps, ALTA (or TLTA, if applicable) as-built surveys (in form and as to date that is sufficiently acceptable to the title insurer issuing title insurance to the Administrative Agent for such title insurer to deliver endorsements to such title insurance as reasonably requested by the Administrative Agent), flood certifications and flood insurance (if applicable) reports and evidence regarding recording and payment of fees, insurance premium and taxes) and FIRREA compliant appraisals (to the extent the Administrative Agent determines such appraisals are legally required and which the Administrative Agent will use commercially reasonable efforts to obtain), in each case, that the Administrative Agent may reasonably request, to create, register, perfect, maintain, evidence the existence, substance, form or validity of or enforce a valid lien on such parcel of or leasehold interest in real property subject only to Permitted Liens;

(e) With respect to Collateral other than Pledged Route Authorities, Pledged Slots, Pledged Gate Leaseholds, Route Authorities and Gate Leaseholds, Spare Parts, aircraft or spare engines, each of the applicable Collateral Documents relating to such Collateral will provide that the Borrower or the applicable Grantor shall take, or cause to be taken, upon the reasonable request of the Collateral Agent, such commercially reasonable actions as are necessary to maintain, so long as such Collateral Document is in effect, the perfection of the security interests created by such Collateral Document in such Collateral, subject, in each case, to Permitted Liens, or at the reasonable request of the Collateral Agent, will furnish the Collateral Agent with such instruments, in execution form, and such other information, as may be required to enable the Collateral Agent to take such action.

ARTICLE VI

NEGATIVE AND FINANCIAL COVENANTS

From the date hereof and for so long as the Commitments remain in effect, any Letter of Credit remains outstanding (in a face amount in excess of the sum of (i) the amount of cash then held in the Letter of Credit Account and (ii) the face amount of back-to-back letters of credit delivered pursuant to Section 2.02(j)) or principal of or interest on any Loan or reimbursement of any LC Disbursement is owing (or any other amount that is due and unpaid on the first date that none of the foregoing is in effect, outstanding or owing, respectively, is owing) to any Lender or the Administrative Agent hereunder:

SECTION 6.01 Restricted Payments.

(a) Parent will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly:

(i) declare or pay any dividend or make any other payment or distribution on account of Parent's or any of its Restricted Subsidiaries' Equity Interests (including, without limitation, any payment in connection with any merger or consolidation involving Parent or any of its Restricted Subsidiaries) or to the direct or indirect holders of Parent's or any of its Restricted Subsidiaries' Equity Interests in their capacity as such (other than (A) dividends, distributions or payments payable in Qualifying Equity Interests or in the case of preferred stock of Parent, an increase in the liquidation value thereof and (B) dividends, distributions or payments payable to Parent or a Restricted Subsidiary of Parent);

(ii) purchase, redeem or otherwise acquire or retire for value any Equity Interests of Parent;

(iii) make any payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value (collectively for purposes of this clause (iii), a "*purchase*") any Indebtedness of the Borrower or any Guarantor that is contractually subordinated in right of payment to the Loans (excluding any intercompany Indebtedness between or among Parent and any of its Restricted Subsidiaries), except any scheduled payment of interest and any purchase within two years of the Stated Maturity thereof; or

(iv) make any Restricted Investment (all such payments and other actions set forth in these clauses (i) through (iv) above being collectively referred to as "*Restricted Payments*"),

unless, at the time of and after giving effect to such Restricted Payment:

(x) (A) no Default or Event of Default is continuing as of such date and (B) Liquidity as at such time (after (1) excluding from the calculation thereof an amount equal to 75% of the aggregate committed principal amount under all revolving credit facilities (whether drawn or undrawn) of the Parent and its Restricted Subsidiaries as of such date and (2) giving pro forma effect to any Restricted Payment to be made on such date) is at least equal to $4,000,000,000, or

(y) the aggregate amount of all Restricted Payments made by Parent and its Restricted Subsidiaries since the Closing Date and together with such Restricted Investments outstanding at the time of giving effect to such Restricted Payment (excluding, in each case, Restricted Payments permitted by clauses (2) through (22) of Section 6.01(b)), is less than the greater of (i) $0 and (ii) the sum, without duplication, of:

(A) 50% of the Consolidated Net Income of Parent for the period (taken as one accounting period) from June 30, 2013 to the end of Parent's most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, less 100% of such deficit); plus 50% of the Consolidated Net Income (as such term is defined in the US Airways Indenture) of US Airways for the period (taken as one accounting period) from October 1, 2011 to December 9, 2013 (or, if such Consolidated Net Income (as such term is defined in the US Airways Indenture) for such period is a deficit, less 100% of such deficit); plus

(B) 100% of the aggregate net cash proceeds and the Fair Market Value of non-cash consideration received by Parent since the Closing Date as a contribution to its common equity capital or from the issue or sale of Qualifying Equity Interests (other than Qualifying Equity Interests sold to a Subsidiary of Parent and excluding Excluded Contributions and other than proceeds from any Permitted Warrant Transaction); plus

(C) (x) 100% of the aggregate net cash proceeds and the Fair Market Value of non-cash consideration received by Parent or a Restricted Subsidiary of Parent from the issue or sale of convertible or exchangeable Disqualified Stock of Parent or a Restricted Subsidiary of Parent or convertible or exchangeable debt securities of Parent or a Restricted Subsidiary of Parent (regardless of when issued or sold) or in connection with the conversion or exchange thereof, in each case that have been converted into or exchanged since the Closing Date for Qualifying Equity Interests (other than Qualifying Equity Interests and convertible or exchangeable Disqualified Stock or debt securities sold to a Subsidiary of Parent)); plus (y) 100% of the aggregate net cash proceeds and the Fair Market Value (as such term is defined in the US Airways Indenture) of non-cash consideration received by US Airways or a Restricted Subsidiary (as such term is defined in the US Airways Indenture) of US Airways from the issue or sale of convertible or exchangeable Disqualified Stock (as such term is defined in the US Airways Indenture) of US Airways or a Restricted Subsidiary (as such term is defined in the US Airways Indenture) of US Airways or convertible or exchangeable debt securities of US Airways or a Restricted Subsidiary (as such term is defined in the US Airways Indenture) of US Airways (regardless of when issued or sold) or in connection with the conversion or exchange thereof, in each case that have been converted into or exchanged since the US Airways Closing Date for Qualifying Equity Interests (as such term is defined in the US Airways Indenture) (other than Qualifying Equity Interests (as such term is defined in the US Airways Indenture) and convertible or exchangeable Disqualified Stock (as such term is defined in the US Airways Indenture) or debt securities sold to a Subsidiary of US Airways); plus

(D) to the extent that any Restricted Investment that was made after the Closing Date is (i) sold for cash or otherwise cancelled, liquidated or repaid for cash or (ii) made in an entity that subsequently becomes a Restricted Subsidiary of Parent, the initial amount of such Restricted Investment (or, if less, the amount of cash received upon repayment or sale); plus

(E) to the extent that any Unrestricted Subsidiary (other than any Unrestricted Subsidiary to the extent the Investment in such Unrestricted Subsidiary constituted a Permitted Investment) of Parent designated as such after the Closing Date is redesignated as a Restricted Subsidiary after the Closing Date, the greater of (i) the Fair Market Value of Parent's Restricted Investment in such Subsidiary as of the date of such redesignation and (ii) such Fair Market Value as of the date on which such Subsidiary was originally designated as an Unrestricted Subsidiary after the Closing Date; plus

(F) 100% of any dividends received in cash by Parent or a Restricted Subsidiary of Parent after the Closing Date from an Unrestricted Subsidiary (other than any Unrestricted Subsidiary to the extent the Investment in such Unrestricted Subsidiary constituted a Permitted Investment) of Parent, to the extent that such dividends were not otherwise included in the Consolidated Net Income of Parent for such period.

(b) The provisions of Section 6.01(a) will not prohibit:

(1) the payment of any dividend or distribution or the consummation of any irrevocable redemption within 60 days after the date of declaration of the dividend or distribution or giving of the redemption notice, as the case may be, if at the date of declaration or notice, the dividend or distribution or redemption payment would have complied with the provisions of this Agreement;

(2) the making of any Restricted Payment in exchange for, or out of or with the net cash proceeds of the substantially concurrent sale (other than to a Subsidiary of Parent) of, Qualifying Equity Interests or from the substantially concurrent contribution of common equity capital to Parent; provided that the amount of any such net cash proceeds that are utilized for any such Restricted Payment will not be considered to be net proceeds of Qualifying Equity Interests for purposes of clause (a)(y)(ii)(B) of Section 6.01 and will not be considered to be Excluded Contributions;

(3) the payment of any dividend (or, in the case of any partnership or limited liability company, any similar distribution), distribution or payment by a Restricted Subsidiary of Parent to the holders of its Equity Interests on a pro rata basis;

(4) the repurchase, redemption, defeasance or other acquisition or retirement for value of Indebtedness of the Borrower or any Guarantor that is contractually subordinated in right of payment to the Loans with the net cash proceeds from an incurrence of Permitted Refinancing Indebtedness;

(5) the repurchase, redemption, acquisition or retirement for value of any Equity Interests of Parent or any Restricted Subsidiary of Parent held by any current or former officer, director, consultant or employee (or their estates or beneficiaries of their estates) of Parent or any of its Restricted Subsidiaries pursuant to any management equity or compensation plan or equity subscription agreement, stock option agreement, shareholders' agreement or similar agreement; provided that the aggregate price paid for all such repurchased, redeemed, acquired or retired Equity Interests may not exceed $60,000,000 in any 12-month period (except to the extent such repurchase, redemption, acquisition or retirement is in connection with (x) the acquisition of a Permitted Business or merger, consolidation or amalgamation otherwise permitted by this Agreement and in such case the aggregate price paid by Parent and its Restricted Subsidiaries may not exceed $150,000,000 in connection with such acquisition of a Permitted Business or merger, consolidation or amalgamation); provided, further, that Parent or any of its Restricted Subsidiaries may carry over and make in subsequent 12-month periods, in addition to the amounts permitted for such 12-month period, up to $30,000,000 of unutilized capacity under this clause (5) attributable to the immediately preceding 12-month period;

(6) the repurchase of Equity Interests or other securities deemed to occur upon (A) the exercise of stock options, warrants or other securities convertible or exchangeable into Equity Interests or any other securities, to the extent such Equity Interests or other securities represent a portion of the exercise price of those stock options, warrants or other securities convertible or exchangeable into Equity Interests or any other securities or (B) the withholding of a portion of Equity Interests issued to employees and other participants under an equity compensation program of Parent or its Subsidiaries to cover withholding tax obligations of such persons in respect of such issuance;

(7) so long as no Default or Event of Default has occurred and is continuing, the declaration and payment of regularly scheduled or accrued dividends, distributions or payments to holders of any class or series of Disqualified Stock or subordinated debt of Parent or any preferred stock of any Restricted Subsidiary of Parent;

(8) payments of cash, dividends, distributions, advances, common stock or other Restricted Payments by Parent or any of its Restricted Subsidiaries to allow the payment of cash in lieu of the issuance of fractional shares;

(9) the declaration and payment of dividends to holders of any class or series of Disqualified Stock of Parent or any Disqualified Stock or preferred stock of any Restricted Subsidiary of Parent to the extent such dividends are included in the definition of "Fixed Charges" for such Person;

(10) Restricted Payments made with Excluded Contributions;

(11) the distribution, as a dividend or otherwise, of shares of Capital Stock of, or Indebtedness owed to Parent or any of its Restricted Subsidiaries by, any Unrestricted Subsidiary;

(12) any Restricted Payment in connection with any full or partial "spin-off" of a Subsidiary or similar transactions; provided that no Default or Event of Default has occurred and is continuing; provided, further, that the assets distributed or dividended do not include, directly or indirectly, any property or asset that constitutes Collateral;

(13) the distribution or dividend of assets or Capital Stock of any Person in connection with any full or partial "spin-off" of a Subsidiary or similar transactions having an aggregate Fair Market Value not to exceed $600,000,000 since the Closing Date; provided that the assets distributed or dividended do not include, directly or indirectly, any property or asset that constitutes Collateral;

(14) so long as no Default or Event of Default has occurred and is continuing, any (x) Restricted Payment (other than a Restricted Investment) made on or after the Closing Date and (y) Restricted Investments outstanding at any such time, in an aggregate amount not to exceed $900,000,000, such aggregate amount to be calculated from the Closing Date;

(15) the payment of any amounts in respect of any restricted stock units or other instruments or rights whose value is based in whole or in part on the value of any Equity Interests issued to any directors, officers or employees of Parent or any Restricted Subsidiary of Parent;

(16) the making of cash payments in connection with any conversion of Convertible Indebtedness in an aggregate amount since the Closing Date not to exceed the sum of (a) the principal amount of such Convertible Indebtedness plus (b) any payments received by Parent or any of its Restricted Subsidiaries pursuant to the exercise, settlement or termination of any related Permitted Bond Hedge Transaction;

(17) (a) any payments in connection with a Permitted Bond Hedge Transaction and (b) the settlement of any related Permitted Warrant Transaction (i) by delivery of shares of Parent's common stock upon settlement thereof or (ii) by (A) set-off against the related Permitted Bond Hedge Transaction or (B) payment of an early termination amount thereof upon any early termination thereof in common stock or, in the case of a nationalization, insolvency, merger event (as a result of which holders of such common stock are entitled to receive cash or other consideration for their shares of such common stock) or similar transaction with respect to Parent or such common stock, cash and/or other property;

(18) [Reserved];

(19) so long as no Default or Event of Default has occurred and is continuing, Restricted Payments (i) made to purchase or redeem Equity Interests of Parent or (ii) consisting of payments in respect of any Indebtedness (whether for purchase or prepayment thereof or otherwise);

(20) payment of dividends in respect of Parent's Capital Stock in each fiscal year in an amount up to 50% of Excess Cash Flow for the immediately preceding fiscal year, so long as, both immediately before and after giving effect to such payment, (A) no

Default or Event of Default has occurred and is continuing at the time of and immediately after giving effect to the payment of such dividends, and (B) the Borrower is in pro forma compliance with the financial covenants in Section 6.09 at such times;

(21) Restricted Payments with assets or properties that (i) do not consist of Collateral or Capital Stock of Parent or any of its Restricted Subsidiaries and (ii) have an aggregate Fair Market Value as of the date each such Restricted Payment is made (without giving effect to subsequent changes in value), when taken together with all other (x) Restricted Payments (other than Investments) and (y) Restricted Investments that remain outstanding, in each case, made pursuant to this clause (21), do not exceed 5.0% of the Consolidated Tangible Assets of Parent and its Restricted Subsidiaries; and

(22) any repurchase of Receivables and/or related assets pursuant to a Receivables Repurchase Obligation.

In the case of any Restricted Payment that is not cash, the amount of such non-cash Restricted Payment will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by Parent or such Restricted Subsidiary of Parent, as the case may be, pursuant to the Restricted Payment. The Fair Market Value of any assets or securities that are required to be valued by this Section 6.01 will be determined by a Responsible Officer of the Borrower and, if greater than $10,000,000, set forth in an Officer's Certificate delivered to the Administrative Agent.

For purposes of determining compliance with this Section 6.01, if a proposed Restricted Payment (or portion thereof) meets the criteria of more than one of the categories of Restricted Payments described in clauses (1) through (22) of subparagraph (b) of this Section 6.01, or is entitled to be made pursuant to subparagraph (a) of this Section 6.01, Parent will be entitled to classify on the date of its payment or later reclassify such Restricted Payment (or portion thereof) in any manner that complies with this Section 6.01.

For the avoidance of doubt, the payment on or with respect to, or purchase, redemption, defeasance or other acquisition or retirement for value of any Indebtedness (including any Convertible Indebtedness) of Parent or any Restricted Subsidiary of Parent that is not contractually subordinated in right of payment to the Obligations shall not constitute Restricted Payment and therefore will not be subject to any of the restrictions described in this Section 6.01.

Notwithstanding anything in this Agreement or any other Loan Document to the contrary, if a Restricted Payment is made (or any other action is taken or omitted under this Agreement or any other Loan Document) at a time when a Default or Event of Default has occurred and is continuing and such Default or Event of Default is subsequently cured, any Default or Event of Default arising from the making of such Restricted Payment (or the taking or omission of such other action) during the existence of such Default or Event of Default shall simultaneously be deemed cured.

SECTION 6.02 Restrictions on Ability of Restricted Subsidiaries to Pay Dividends and Make Certain Other Payments.

(a) Parent will not, and will not permit any of its Restricted Subsidiaries other than the Borrower to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any such Restricted Subsidiary to:

(1) pay dividends or make any other distributions on its Capital Stock to Parent or any of its Restricted Subsidiaries or with respect to any other interest or participation in the profits of such Restricted Subsidiary, or measured by the profits of such Restricted Subsidiary;

(2) pay any Indebtedness owed to Parent or any of its Restricted Subsidiaries;

(3) make loans or advances to Parent or any of its Restricted Subsidiaries; or

(4) sell, lease or transfer any of its properties or assets to Parent or any of its Restricted Subsidiaries.

(b) The restrictions in Section 6.02(a) will not apply to encumbrances or restrictions existing under or by reason of:

(1) agreements (A) governing Existing Indebtedness, Credit Facilities and any other obligations, in each case as in effect on (or required by agreements in effect on) the Closing Date or (B) in effect on the Closing Date;

(2) this Agreement and the Collateral Documents, including any Intercreditor Agreement and any Other Intercreditor Agreement;

(3) agreements governing other Indebtedness or shares of preferred stock; provided, that if such Restricted Subsidiary incurring or issuing such Indebtedness or shares of preferred stock is not a Guarantor, the restrictions therein are either (in each case, as determined in good faith by a senior financial officer of Parent or the Borrower) (A) not materially more restrictive, taken as a whole, than those contained in this Agreement or (B) (i) customary for instruments of such type and (ii) will not materially adversely impact the ability of the Borrower to make required principal and interest payments on the Loans or any reimbursement obligation with respect to LC Disbursements;

(4) applicable law, rule, regulation or order;

(5) any instrument governing Indebtedness or Capital Stock of a Person acquired by Parent or any of its Restricted Subsidiaries (including by way of merger, consolidation or amalgamation of Parent or any of its Restricted Subsidiaries) as in effect at the time of such acquisition (except to the extent such Indebtedness or Capital Stock was incurred in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired;

(6) customary provisions in contracts, licenses, leases and asset sale agreements entered into in the Ordinary Course of Business;

(7) purchase money obligations for property acquired in the Ordinary Course of Business and Capital Lease Obligations that impose restrictions on the property (or proceeds thereof) purchased or leased of the nature described in clause (4) of Section 6.02(a);

(8) any contract or agreement for the sale or other disposition of a Restricted Subsidiary that restricts distributions, asset sales or loans by that Restricted Subsidiary pending its sale or other disposition;

(9) Permitted Refinancing Indebtedness; provided that such amendment, modification, restatement, renewal, extension, increase, supplement, refunding, replacement or refinancing is, in the good faith judgment of a senior financial officer of the Borrower, taken together as a whole, not materially more restrictive with respect to such dividend and other payment restrictions than those contained in (A) the dividend or other payment restrictions prior to such amendment, modification, restatement, renewal, extension, increase, supplement, refunding, replacement or refinancing or (B) this Agreement;

(10) Permitted Liens and Liens that limit the right of the debtor to dispose of the assets subject to such Liens;

(11) provisions limiting the disposition or distribution of assets or property or loans or advances in joint venture agreements, asset sale agreements, sale-leaseback and other lease agreements, stock sale agreements and other similar agreements (including agreements entered into in connection with any Investment), which limitation is applicable only to the assets or the joint venture entity, as applicable, that are the subject of such agreements or otherwise in the Ordinary Course of Business;

(12) restrictions on cash or other deposits or net worth imposed by customers under contracts entered into in the Ordinary Course of Business;

(13) any instrument or agreement entered into in connection with (or in anticipation of) any full or partial "spin-off" or similar transactions;

(14) any encumbrance or restriction of the type referred to in clauses (1), (2), (3) and (4) of Section 6.02(a) imposed by any amendments, modifications, restatements, renewals, extensions, increases, supplements, refundings, replacements or refinancings of the contracts, instruments or obligations referred to in clauses (1) through (13) of this Section 6.02(b); provided that such amendment, modification, restatement, renewal, extension, increase, supplement, refunding, replacement or refinancing is, in the good faith judgment of a senior financial officer of the Borrower, taken together as a whole, not materially more restrictive with respect to such dividend and other payment restrictions than those contained in (A) the dividend or other payment restrictions prior to such amendment, modification, restatement, renewal, extension, increase, supplement, refunding, replacement or refinancing or (B) this Agreement; and

(15) any encumbrance or restriction existing under or by reason of Indebtedness or other contractual requirements of a Receivables Subsidiary or any Standard Securitization Undertaking, in each case, in connection with a Qualified Receivables Transaction; provided that such restrictions apply only to such Receivables Subsidiary.

SECTION 6.03 [Reserved].

SECTION 6.04 Disposition of Collateral. Neither the Borrower nor any Grantor shall Dispose of any Collateral (including, without limitation, by way of any Sale of a Grantor) except that any Disposition shall be permitted (i) in the case of a Permitted Disposition or (ii) in the case of any Disposition of Collateral that is not a Permitted Disposition; provided that in the case of any Disposition of Collateral that is not a Permitted Disposition (A) upon consummation of any such Disposition, no Event of Default shall have occurred and be continuing, (B) either (I) there is no Collateral Coverage Ratio Failure after giving effect to such Disposition (including any deposit of any Net Proceeds received upon consummation thereof in the Collateral Proceeds Account subject to an Account Control Agreement) and there is no Core Collateral Failure after giving effect to such Disposition; (II) the Borrower shall (1) grant (or cause another Grantor to grant) a security interest in Additional Collateral and/or (2) prepay or cause to be prepaid the Loans and (if required by its terms) any Pari Passu Senior Secured Debt (on a ratable basis with the Loans) such that following such actions in clauses (1) and/or (2) above, (x) the Collateral Coverage Ratio, recalculated by adding the Appraised Value of any such Additional Collateral and any such Net Proceeds in clause (i) of the definition of Collateral Coverage Ratio and subtracting any such prepaid Loans and prepaid Pari Passu Senior Secured Debt from clause (ii) of the definition of Collateral Coverage Ratio, shall be no less than 1.6 to 1.0 and (y) the Collateral shall include at least one category of Core Collateral; provided that in the case of any Disposition that is not a voluntary Disposition of Collateral by the Borrower or such Grantor, the Borrower shall have up to 45 days after such Disposition to accomplish the actions contemplated by this clause (II); or (III) the Borrower shall comply with its obligations set forth in Section 2.12(a), (C) [Reserved] and (D) the Borrower shall promptly provide to the Administrative Agent a Collateral Coverage Ratio Certificate calculating the Collateral Coverage Ratio and certifying that the Collateral includes at least one category of Core Collateral after giving effect to such Disposition and any actions taken pursuant to clause (B)(II) above.

For the avoidance of doubt, (1) none of (v) the reduction of the frequency of flight operations over any Scheduled Service or other scheduled service, (w) the suspension or cancellation of any Scheduled Service or other scheduled service, (x) the expiration, termination or suspension of any Pledged Route Authority, Pledged Slot or Pledged Gate Leasehold in accordance with the terms under which the applicable Grantor was granted such Pledged Route Authority, Pledged Slot or Pledged Gate Leasehold, (y) the release of any Pledged Slot or Pledged Foreign Gate Leasehold from the Collateral pursuant to Section 17 of the Slot Security Agreement or an equivalent provision with a different section reference or the equivalent provision of any SGR Security Agreement or any other Collateral Document relating to such Pledged Slot or Pledged Gate Leasehold, as applicable, shall constitute a Disposition and (2) with respect to any Spare Parts, none of (x) the transfer of possession thereof to the manufacturer thereof or any service provider for testing, overhaul, repairs, maintenance, servicing alterations or modification purposes or to any other Person for transport to the manufacturer thereof or any

such servicer provider and any such purpose or for transfer from one location owned or used by the Borrower (or of any other Grantor under a Collateral Document granting a security interest the in the applicable Spare Parts) to another such location, (y) the subjecting of any such Spare Part to an interchange or pooling, exchange, borrowing, maintenance or servicing arrangement or (z) the sale, transfer or exchange between or among the Borrower and its Affiliates to the extent such Persons are Grantors under Collateral Documents granting a security interest in the applicable Spare Parts, shall in any such case, constitute a Disposition.

SECTION 6.05 Transactions with Affiliates.

(a) Parent will not, and will not permit any of its Restricted Subsidiaries to, make any payment to or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate of Parent (each, an "*Affiliate Transaction*") involving aggregate payments or consideration in excess of $60,000,000, unless:

(1) the Affiliate Transaction is on terms that are not materially less favorable to Parent or the relevant Restricted Subsidiary (taking into account all effects Parent or such Restricted Subsidiary expects to result from such transaction whether tangible or intangible) than those that would have been obtained in a comparable transaction by Parent or such Restricted Subsidiary with an unrelated Person; and

(2) the Borrower delivers to the Administrative Agent:

(A) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of $150,000,000, an Officer's Certificate certifying that such Affiliate Transaction complies with clause (1) of this Section 6.05(a); and

(B) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of $300,000,000, an opinion as to the fairness to Parent or such Restricted Subsidiary of such Affiliate Transaction from a financial point of view issued by an accounting, appraisal or investment banking firm of national standing.

(b) The following items will not be deemed to be Affiliate Transactions and, therefore, will not be subject to the provisions of Section 6.05(a):

(1) any employment agreement, confidentiality agreement, non-competition agreement, incentive plan, employee stock option agreement, long-term incentive plan, profit sharing plan, employee benefit plan, officer or director indemnification agreement or any similar arrangement entered into by Parent or any of its Restricted Subsidiaries in the Ordinary Course of Business and payments pursuant thereto;

(2) transactions between or among any of Parent and/or its Restricted Subsidiaries (including without limitation in connection with (or in anticipation of) any full or partial "spin-off" or similar transactions);

(3) transactions with a Person (other than an Unrestricted Subsidiary of Parent) that is an Affiliate of Parent solely because Parent owns, directly or through a Restricted Subsidiary, an Equity Interest in, or controls, such Person;

(4) payment of fees, compensation, reimbursements of expenses (pursuant to indemnity arrangements or otherwise) and reasonable and customary indemnities provided to or on behalf of officers, directors, employees or consultants of Parent or any of its Restricted Subsidiaries;

(5) any issuance of Qualifying Equity Interests or any increase in the liquidation preference of preferred stock of Parent;

(6) transactions with customers, clients, suppliers or purchasers or sellers of goods or services in the Ordinary Course of Business or transactions with joint ventures, alliances, alliance members or Unrestricted Subsidiaries entered into in the Ordinary Course of Business;

(7) Permitted Investments and Restricted Payments that do not violate Section 6.01;

(8) loans or advances to employees in the Ordinary Course of Business not to exceed $30,000,000 in the aggregate at any one time outstanding;

(9) transactions pursuant to agreements or arrangements in effect on the Closing Date or any amendment, modification or supplement thereto or replacement thereof and any payments made or performance under any agreement as in effect on the Closing Date or any amendment, replacement, extension or renewal thereof (so long as such agreement as so amended, replaced, extended or renewed is not materially less advantageous, taken as a whole, to the Lenders than the original agreement as in effect on the Closing Date);

(10) transactions between or among any of Parent and/or its Subsidiaries or transactions between a Receivables Subsidiary and any Person in which the Receivables Subsidiary has an Investment;

(11) any transaction effected as part of a Qualified Receivables Transaction;

(12) any purchase by Parent's Affiliates of Indebtedness of Parent or any of its Restricted Subsidiaries, the majority of which Indebtedness is offered to Persons who are not Affiliates of Parent;

(13) transactions contemplated by the Marketing and Service Agreements;

(14) transactions between Parent or any of its Restricted Subsidiaries with any employee labor unions or other employee groups of Parent or such Restricted Subsidiary provided such transactions are not otherwise prohibited by this Agreement;

(15) transactions with captive insurance companies of Parent or any of its Restricted Subsidiaries; and

(16) transactions between or among any of Parent and/or its Subsidiaries or transactions between a Non-Recourse Financing Subsidiary and any Person in which the Non-Recourse Financing Subsidiary has an Investment.

SECTION 6.06 Liens. Parent will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, assume or suffer to exist any Lien of any kind on any property or asset that constitutes Collateral, except Permitted Liens.

SECTION 6.07 Business Activities. Parent will not, and will not permit any of its Restricted Subsidiaries to, engage in any business other than Permitted Businesses, except to such extent as would not be material to Parent and its Restricted Subsidiaries taken as a whole.

SECTION 6.08 Liquidity. Parent will not permit the aggregate amount of Liquidity at the close of any Business Day to be less than $2,000,000,000.

SECTION 6.09 Collateral Coverage Ratio.

(a) Within thirty (30) Business Days after delivery of each Appraisal that is required to be delivered pursuant to Section 5.06 in any applicable calendar year (such day, a "Reference Date," and the thirtieth (30th) Business Day after a Reference Date, the "Certificate Delivery Date"), the Borrower will deliver to the Administrative Agent a Collateral Coverage Ratio Certificate containing (i) a calculation of the Collateral Coverage Ratio with respect to such Reference Date and (ii) for each Collateral Coverage Ratio Certificate delivered on a Certificate Delivery Date in respect of a Reference Date that occurs on or after the Initial Collateral Release Date, a certification that the Collateral includes at least one category of Core Collateral.

(b) (x) If the Collateral Coverage Ratio with respect to any Reference Date is less than 1.6 to 1.0, the Borrower shall, no later than forty-five (45) days after the Certificate Delivery Date, (A) grant (or cause another Grantor to grant) a security interest in Additional Collateral and/or (B) prepay or cause to be prepaid the Loans and (if required by its terms) any Pari Passu Senior Secured Debt (on a ratable basis with the Loans) such that following such actions in clauses (A) and/or (B) above, the Collateral Coverage Ratio with respect to such Reference Date, recalculated by adding the Appraised Value of any such Additional Collateral in clause (i) of the definition of Collateral Coverage Ratio and subtracting any such prepaid Loans and prepaid Pari Passu Senior Secured Debt from clause (ii) of the definition of Collateral Coverage Ratio shall be no less than 1.6 to 1.0 or (y) if at any time, on and after the Initial Collateral Release Date, it is determined that a Core Collateral Failure has occurred, the Borrower shall, no later than forty-five (45) days after the date of such determination, either (A) grant (or cause another Grantor to grant) a security interest in Additional Collateral such that following such grant the Collateral shall include at least one category of Core Collateral or (B) prepay the Loans in full in accordance with Section 2.12(h).

(c) In addition to the release of any Lien otherwise contemplated by any other provision of any Loan Document, at the Borrower's request, the Lien of the applicable Collateral

Documents on any asset or type or category of asset (including after-acquired assets of that type or category) included in the Collateral will be promptly released; provided, in each case, that the following conditions are satisfied or waived: (A) no Event of Default shall have occurred and be continuing, (B) either (x) after giving effect to such release, the Collateral Coverage Ratio is not less than 1.6 to 1.0 or (y) the Borrower shall (1) grant (or cause another Grantor to grant) a security interest in Additional Collateral and/or (2) prepay or cause to be prepaid the Loans and (if required by its terms) any Pari Passu Senior Secured Debt (on a ratable basis with the Loans) such that following such actions in clauses (1) and/or (2) above, the Collateral Coverage Ratio, calculated by adding the Appraised Value of any such Additional Collateral in clause (i) of the definition of Collateral Coverage Ratio and subtracting any such prepaid Loans and prepaid Pari Passu Senior Secured Debt from clause (ii) of the definition of Collateral Coverage Ratio, shall be no less than 1.6 to 1.0, (C) either (x) no Core Collateral Failure shall have occurred as a result of such Borrower Release or (y) the Borrower shall grant (or cause another Grantor to grant) a security interest in additional assets pledged as Additional Collateral such that the Collateral would include at least one category of Core Collateral and (D) the Borrower shall deliver an Officer's Certificate and a Collateral Coverage Ratio Certificate (which may be delivered in a combined certificate) demonstrating compliance with this Section 6.09(c) following such release. In connection herewith, the Collateral Agent agrees to promptly provide any documents or releases reasonably requested by the Borrower to evidence such release.

SECTION 6.10 Merger, Consolidation, or Sale of Assets.

(a) Neither Parent nor the Borrower (whichever is applicable, the "*Subject Company*") shall directly or indirectly: (i) consolidate or merge with or into another Person or (ii) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of the Subject Company and its Restricted Subsidiaries taken as a whole, in one or more related transactions, to another Person, unless:

(1) either:

(A) the Subject Company is the surviving corporation; or

(B) the Person formed by or surviving any such consolidation or merger (if other than the Subject Company) or to which such sale, assignment, transfer, conveyance or other disposition has been made is an entity organized or existing under the laws of the United States, any state of the United States or the District of Columbia;

(2) the Person formed by or surviving any such consolidation or merger (if other than the Subject Company) or the Person to which such sale, assignment, transfer, conveyance or other disposition has been made assumes all the obligations of the Subject Company under the Loan Documents by operation of law (if the surviving Person is the Borrower) or pursuant to agreements reasonably satisfactory to the Administrative Agent;

(3) immediately after such transaction, no Event of Default exists; and

(4) the Subject Company shall have delivered to the Administrative Agent an Officer's Certificate stating that such consolidation, merger or transfer complies with this Agreement.

In addition, a Subject Company will not, directly or indirectly, lease all or substantially all of the properties and assets of such Subject Company and its Restricted Subsidiaries taken as a whole, in one or more related transactions, to any other Person.

(b) Section 6.10(a) will not apply to any sale, assignment, transfer, conveyance, lease or other disposition of assets between or among Parent and/or its Restricted Subsidiaries.

Clauses (3) and (4) of Section 6.10(a) will not apply to any merger, consolidation or transfer of assets:

(1) between or among Parent and any of Parent's Restricted Subsidiaries;

(2) between or among any of Parent's Restricted Subsidiaries or by a Restricted Subsidiary that is not a Guarantor; or

(3) with or into an Affiliate solely for the purpose of reincorporating a Subject Company in another jurisdiction.

(c) Upon any consolidation or merger, or any sale, assignment, transfer, lease, conveyance or other disposition of all or substantially all of the properties or assets of any Subject Company in a transaction that is subject to, and that complies with the provisions of, Section 6.10(a), the successor Person formed by such consolidation or into or with which such Subject Company is merged or to which such sale, assignment, transfer, lease, conveyance or other disposition is made shall succeed to, and be substituted for (so that from and after the date of such consolidation, merger, sale, assignment, transfer, lease, conveyance or other disposition, the provisions of this Agreement referring to such Subject Company shall refer instead to the successor Person and not to such Subject Company), and may exercise every right and power of such Subject Company under this Agreement with the same effect as if such successor Person had been named as such Subject Company herein; provided, however, that the predecessor Subject Company, if applicable, shall not be relieved from the obligation to pay the principal of, and interest, if any, on the Loan except in the case of a sale of all or substantially all of such Subject Company's assets in a transaction that is subject to, and that complies with the provisions of, Section 6.10(a).

SECTION 6.11 Post-Closing Matters. The Borrower shall deliver each of the documents, instruments and agreements and take each of the actions set forth on Schedule 6.11 within the time periods set forth on such Schedule; provided that the Borrower shall not be required to take (i) any actions set forth in Part 1 of such Schedule, if the Collateral Coverage Ratio is satisfied on a *pro forma* basis after excluding the Appraised Value (determined as of the Closing Date) of any Flight Simulators that were included in the Initial Appraisal or (ii) any actions set forth in Part 2 of such Schedule, if the Collateral Coverage Ratio is satisfied on a *pro forma* basis after excluding the Appraised Value (determined as of the Closing Date) of any Specified Real Property Assets.

ARTICLE VII

EVENTS OF DEFAULT

SECTION 7.01 Events of Default. In the case of the happening of any of the following events and the continuance thereof beyond the applicable grace period if any (each, an "*Event of Default*"):

(a) any representation or warranty made by the Borrower or any Guarantor in this Agreement or in any other Loan Document shall prove to have been false or incorrect in any material respect when made and such representation, to the extent capable of being corrected, is not corrected within ten (10) Business Days after the earlier of (A) a Responsible Officer of the Borrower obtaining knowledge of such default or (B) receipt by the Borrower of notice from the Administrative Agent of such default; or

(b) default shall be made in the payment of (i) any principal of the Loans or reimbursement obligations or Cash Collateralization in respect of Letters of Credit when and as the same shall become due and payable; (ii) any interest on the Loans and such default shall continue unremedied for more than five (5) Business Days or (iii) any other amount payable hereunder when due and such default shall continue unremedied for more than ten (10) Business Days after receipt of written notice by the Borrower from the Administrative Agent of the default in making such payment when due; or

(c) (A) default shall be made by Parent in the due observance of the covenant contained in Section 5.03(1) or 6.09(b), or (B) default shall be made by Parent in the due observance of the covenant contained in Section 6.08 and such default shall continue unremedied for more than ten (10) Business Days; or

(d) default shall be made by the Borrower, Parent or any Restricted Subsidiary of Parent in the due observance or performance of any other covenant, condition or agreement to be observed or performed by it pursuant to the terms of this Agreement or any of the other Loan Documents and such default shall continue unremedied for more than sixty (60) days after receipt of written notice by the Borrower from the Administrative Agent of such default; or

(e) (A) any Loan Document ceases to be in full force and effect (except as permitted by the terms of this Agreement or the Loan Documents or other than as a result of the action or inaction of any Agent) for a period of 60 consecutive days after the Borrower receives notice thereof or (B) any of the Collateral Documents ceases to give the Collateral Agent or trustee (as applicable) a valid, perfected (subject to any Permitted Liens) security interest (other than (w) any release or termination of the security interest with respect to any Collateral permitted by the terms of this Agreement or any Collateral Document, (x) as a result of any action by any Agent, (y) as a result of the failure of any Agent to take any action within its control or (z) as a result of any delay by any Agent in taking any action within its control) for a period of 60 consecutive days after the Borrower receives notice thereof, in each case with respect to Qualifying Collateral having an Appraised Value in excess of $100,000,000 in the aggregate at any time with respect to clauses (A) and (B) above (as determined in good faith by a responsible financial or accounting officer of the Borrower); or

(f) the Borrower, any Significant Subsidiary or any group of Restricted Subsidiaries of Parent that, taken together, would constitute a Significant Subsidiary pursuant to or within the meaning of Bankruptcy Law:

(1) commences a voluntary case, or

(2) consents to the entry of an order for relief against it in an involuntary case, or

(3) consents to the appointment of a custodian of it or for all or substantially all of its property, or

(4) makes a general assignment for the benefit of its creditors, or

(5) admits in writing its inability generally to pay its debts; or

(g) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(1) is for relief against Parent, the Borrower, any Significant Subsidiary or any group of Restricted Subsidiaries of Parent that, taken together, would constitute a Significant Subsidiary in an involuntary case;

(2) appoints a custodian of Parent, the Borrower, any Significant Subsidiary or any group of Restricted Subsidiaries of Parent that, taken together, would constitute a Significant Subsidiary or for all or substantially all of the property of Parent, the Borrower, any Significant Subsidiary or any group of Restricted Subsidiaries of Parent that, taken together, would constitute a Significant Subsidiary; or

(3) orders the liquidation of Parent, the Borrower, any Significant Subsidiary or any group of Restricted Subsidiaries of Parent that, taken together, would constitute a Significant Subsidiary;

and in each case the order or decree remains unstayed and in effect for sixty (60) consecutive days; or

(h) there is entered by a court or courts of competent jurisdiction against Parent, the Borrower or any of Parent's Restricted Subsidiaries final judgments for the payment of any post-petition obligations aggregating in excess of $150,000,000 (determined net of amounts covered by insurance policies issued by creditworthy insurance companies or by third-party indemnities or a combination thereof), which judgments are not paid, discharged, bonded, satisfied or stayed for a period of sixty (60) consecutive days; or

(i) (1) the Borrower or any Guarantor shall default in the performance of any obligation relating to Material Indebtedness and any applicable grace periods shall have expired and any applicable notice requirements shall have been complied with, and as a result of such default the holder or holders of such Material Indebtedness or any trustee or agent on behalf of such holder or holders caused such Material Indebtedness to become due prior to its scheduled

final maturity date or (2) the Borrower or any Guarantor shall default in the payment of the outstanding principal amount due on the scheduled final maturity date of any Indebtedness outstanding under one or more agreements of the Borrower or a Guarantor, any applicable grace periods shall have expired and any applicable notice requirements shall have been complied with and such failure to make payment when due shall be continuing for a period of more than five (5) consecutive Business Days following the applicable scheduled final maturity date thereunder and the applicable creditors have exercised remedies, in an aggregate principal amount at any single time unpaid exceeding $150,000,000; or

(j) a termination of a Plan of the Borrower or an ERISA Affiliate pursuant to Section 4042 of ERISA and such termination would reasonably be expected to result in a Material Adverse Effect;

then, and in every such event and at any time thereafter during the continuance of such event, the Administrative Agent may, and at the request of the Required Lenders, the Administrative Agent shall, by written notice to the Borrower, take one or more of the following actions, at the same or different times:

(i) terminate forthwith the Commitments;

(ii) declare the Loans or any portion thereof then outstanding to be forthwith due and payable, whereupon the principal of the Loans and other Obligations (other than Designated Hedging Obligations) together with accrued interest thereon and any unpaid accrued Fees and all other liabilities of the Borrower accrued hereunder and under any other Loan Document, shall become forthwith due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by the Borrower and the Guarantors, anything contained herein or in any other Loan Document to the contrary notwithstanding;

(iii) require the Borrower and the Guarantors promptly upon written demand to deposit in the Letter of Credit Account Cash Collateralization for the LC Exposure (and to the extent the Borrower and the Guarantors shall fail to furnish such funds as demanded by the Administrative Agent, the Administrative Agent shall be authorized to debit the accounts of the Borrower and the Guarantors (other than Escrow Accounts, Payroll Accounts or other accounts held in trust for an identified beneficiary) maintained with the Administrative Agent in such amounts);

(iv) set-off amounts in the Letter of Credit Account or any other accounts (other than Escrow Accounts, Payroll Accounts or other accounts held in trust for an identified beneficiary) maintained with the Administrative Agent (or any of its affiliates) and apply such amounts to the obligations of the Borrower and the Guarantors hereunder and in the other Loan Documents; and

(v) exercise any and all remedies under the Loan Documents and under applicable law available to the Administrative Agent and the Lenders.

In case of any event with respect to Parent, the Borrower, any Significant Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary

described in clause (f) or (g) of this Section 7.01, the actions and events described in clauses (i), (ii) and (iii) above shall be required or taken automatically, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower. Any payment received as a result of the exercise of remedies hereunder shall be applied in accordance with Section 2.17(b).

ARTICLE VIII

THE AGENTS

SECTION 8.01 Administration by Agents.

(a) Each of the Lenders and each Issuing Lender hereby irrevocably appoints each Agent as its agent and irrevocably authorizes such Agent, in such capacity, to take such actions on its behalf under the provisions of this Agreement and the other Loan Documents and to exercise such powers and perform such duties as are delegated to each Agent by the terms hereof, together with such actions and powers as are reasonably incidental thereto. The Administrative Agent may perform any of its respective duties hereunder by or through its officers, directors, employees or affiliates.

(b) Each of the Lenders and each Issuing Lender hereby authorizes each of the Administrative Agent and the Collateral Agent, in its sole discretion, where applicable:

(i) (A) in connection with the sale or other disposition or request for release in compliance with Section 6.09(c) of any asset that is part of the Collateral of the Borrower or any other Grantor, as the case may be, to the extent permitted by the terms of this Agreement, to release a Lien granted to the Collateral Agent, for the benefit of the Secured Parties, on such asset and (B) (x) upon termination of the Commitments and payment and satisfaction of all of the Obligations (other than inchoate indemnification obligations) at any time arising under or in respect of this Agreement or the Loan Documents or the transactions contemplated hereby or thereby, (y) if approved, authorized or ratified in writing by the Required Lenders (or all of the Lenders hereunder, to the extent required by this Agreement) or (z) as otherwise may be expressly provided in the relevant Collateral Documents, to release a Lien granted to the Collateral Agent, for the benefit of the Secured Parties, on any asset that is part of the Collateral of the Borrower or any other Grantor, as the case may be;

(ii) to determine that the cost to the Borrower or any other Grantor, as the case may be, is disproportionate to the benefit to be realized by the Secured Parties by perfecting a Lien in a given asset or group of assets included in the Collateral and that the Borrower or such other Grantor, as the case may be, should not be required to perfect such Lien in favor of the Collateral Agent, for the benefit of the Secured Parties;

(iii) to enter into the other Loan Documents on terms acceptable to the Administrative Agent or the Collateral Agent, as applicable, and to perform its respective obligations thereunder;

(iv) to execute any documents or instruments necessary to release any Guarantor from the guarantees provided herein pursuant to Section 9.05;

(v) to enter into the Collateral Documents, any Intercreditor Agreement or any Other Intercreditor Agreement (and/or subordination agreements on terms reasonably acceptable to the Collateral Agent and the Administrative Agent) and in each case to perform its obligations thereunder and to take such action and to exercise the powers, rights and remedies granted to it thereunder and with respect thereto; and

(vi) to enter into any other agreements in the forms contemplated hereby or otherwise reasonably satisfactory to the Administrative Agent granting Liens to the Collateral Agent, for the benefit of the Secured Parties, on any assets of the Borrower or any other Grantor to secure the Obligations.

(c) The Collateral Agent may appoint the Administrative Agent as its agent for the purposes of holding any Collateral and/or perfecting the Collateral Agent's security interest therein and for the purpose of taking such other action with respect to the Collateral as such Agents may from time to time agree.

(d) In the event any property described in clauses (d) or (e) of the definition of "Additional Collateral" is to be pledged by the Borrower or any other Grantor as Additional Collateral, the Collateral Agent will appoint Wilmington Trust Company or another trustee designated by the Borrower and reasonably acceptable to the Collateral Agent to serve as the security trustee under the applicable Aircraft Security Agreement or Spare Engine Security Agreement with respect to such Additional Collateral, and in such event, references herein to the "Collateral Agent" with respect to such Additional Collateral and such Aircraft Security Agreement or Spare Engine Security Agreement, as the context requires, shall be deemed to refer to such security trustee. The Collateral Agent will cause such trustee to join any Intercreditor Agreements and/or any Other Intercreditor Agreements.

SECTION 8.02 Rights of Agents. Each institution serving as an Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not an Agent, and such bank and its respective Affiliates may accept deposits from, lend money to, act in any advisor capacity, and generally engage in any kind of business with the Borrower, Parent or any Subsidiary or other Affiliate of Parent as if it were not an Agent hereunder and without any duty to account therefor to the Lenders.

SECTION 8.03 Liability of Agents.

(a) No Agent shall have any duties or obligations except those expressly set forth herein and in the other Loan Documents. Without limiting the generality of the foregoing, (i) no Agent shall be subject to any fiduciary or other implied duties, regardless of whether an Event of Default has occurred and is continuing, (ii) no Agent shall have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that such Agent is required to exercise in writing as directed by the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 10.08 or in the

other Loan Documents), (iii) except as expressly set forth herein, no Agent shall have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower, Parent or any of Parent's Subsidiaries that is communicated to or obtained by the institution serving as an Agent or any of its respective Affiliates in any capacity and (iv) no Agent will be required to take any action that, in its opinion or the opinion of its counsel, may expose such Agent to liability or that is contrary to any Loan Document or applicable law, including for the avoidance of doubt, any action that may be in violation of the automatic stay under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect or that may effect a forfeiture, modification or termination of property of a Defaulting Lender in violation of any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect. No Agent shall be liable for any action taken or not taken by it with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 10.08 or in the other Loan Documents) or in the absence of its own gross negligence, bad faith or willful misconduct, as determined in a final non-appealable judgment by a court of competent jurisdiction. No Agent shall be deemed to have knowledge of any Event of Default unless and until written notice thereof is given to such Agent by the Borrower, Parent or a Lender, and no Agent shall be responsible for, or have any duty to ascertain or inquire into, (A) any statement, warranty or representation made in or in connection with this Agreement, (B) the contents of any certificate, report or other document delivered hereunder or in connection herewith, (C) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein, (D) the validity, enforceability, effectiveness or genuineness of this Agreement or any other agreement, instrument or document or (E) the satisfaction of any condition set forth in Article IV or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to each Agent.

(b) Each Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing believed by it to be genuine and to have been signed or sent by the proper Person. Each Agent also may rely upon any statement made to it orally or by telephone and believed by it to be made by the proper Person, and shall not incur any liability for relying thereon. Each Agent may consult with legal counsel (who may be counsel for the Borrower or Parent), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

(c) Each Agent may perform any and all of its duties and exercise its rights and powers by or through any one or more sub-agents appointed by it (including the Collateral Agent, in the case of the Administrative Agent). Each Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers through its Related Parties. The exculpatory provisions of the preceding paragraphs shall apply to any such sub-agent and to the Related Parties of each Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent or Collateral Agent.

(d) Anything herein to the contrary notwithstanding, none of the Syndication Agent, Documentation Agents or Joint Lead Arrangers and Bookrunners listed on the cover page

hereof shall have any powers, duties or responsibilities under this Agreement or any of the other Loan Documents, except in its capacity, as applicable, as the Administrative Agent, Collateral Agent, a Lender or the Issuing Lender.

(e) No Agent shall have any obligation whatsoever to the Lenders or to any other Person to assure that the Collateral exists or is owned by the applicable Grantor or is cared for, protected or insured or that the Liens granted to the Collateral Agent herein or pursuant hereto have been properly or sufficiently or lawfully created, perfected, protected or enforced or are entitled to any particular priority, or to exercise or to continue exercising at all or in any manner or under any duty of care, disclosure or fidelity any of the rights, authorities and powers granted or available to the Agents in this Article VIII or in any of the Collateral Documents, it being understood and agreed that (as between the Collateral Agent and the Lenders) in respect of the Collateral, or any act, omission or event related thereto, the Collateral Agent may act in any manner it may deem appropriate, in its sole discretion, given the Collateral Agent's own interest in the Collateral as one of the Lenders and that the Collateral Agent shall have no duty or liability whatsoever to the Lenders, except for its gross negligence or willful misconduct, as determined in a final non-appealable judgment by a court of competent jurisdiction.

(f) Any assignor of a Loan or seller of a participation hereunder shall be entitled to rely conclusively on a representation of the assignee Lender or Participant in the relevant Assignment and Acceptance or participation agreement, as applicable, that such assignee Lender or Participant is not a Disqualified Institution. No Agent shall have any responsibility or liability for monitoring the list or identities of, or enforcing provisions relating to, Disqualified Institutions.

SECTION 8.04 Reimbursement and Indemnification. Each Lender agrees (a) to reimburse on demand each Agent for such Lender's Aggregate Exposure Percentage of any expenses and fees incurred for the benefit of the Lenders under this Agreement and any of the Loan Documents, including, without limitation, counsel fees and compensation of agents and employees paid for services rendered on behalf of the Lenders, and any other expense incurred in connection with the operations or enforcement thereof, not reimbursed by the Borrower or the Guarantors and (b) to indemnify and hold harmless each Agent and any of its Related Parties, on demand, in the amount equal to such Lender's Aggregate Exposure Percentage, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses, or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against it or any of them in any way relating to or arising out of this Agreement or any of the Loan Documents or any action taken or omitted by it or any of them under this Agreement or any of the Loan Documents to the extent not reimbursed by the Borrower or the Guarantors (except such as shall result from its gross negligence or willful misconduct, as determined in a final non-appealable judgment by a court of competent jurisdiction). Notwithstanding the foregoing, so long as no Event of Default shall have occurred and be continuing, the Borrower shall not be responsible for the fees and expenses of more than one primary counsel for the Administrative Agent, the Collateral Agent or the Joint Lead Arrangers and Bookrunners and, only with respect to fees and expenses incurred in connection with the enforcement of the Loan Documents, one local counsel for each relevant jurisdiction, and, in each case, if necessary in the case of an actual conflict of interest, an additional counsel in each such applicable jurisdiction.

SECTION 8.05 Successor Agents. Subject to the appointment and acceptance of a successor agent to the extent provided in this paragraph, (i) each Agent may be removed by the Borrower or the Required Lenders if such Agent or a controlling affiliate of such Agent is a Defaulting Lender and (ii) any Agent may resign upon ten (10) days' notice to the Lenders, the Issuing Lenders and the Borrower. Upon any such removal or resignation by any Agent, the Required Lenders shall appoint, with the consent (provided that no Event of Default or Default has occurred and is continuing) of the Borrower (such consent not to be unreasonably withheld or delayed if such successor is a commercial bank with consolidated combined capital and surplus of at least $5,000,000,000), to appoint a successor. If no successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within thirty (30) days after the retiring Agent gives notice of its resignation, then the retiring Agent may, with the consent (provided that no Event of Default or Default has occurred or is continuing) of the Borrower (such consent not to be unreasonably withheld or delayed), appoint a successor Agent which shall be a bank institution with an office in New York, New York, or an Affiliate of any such bank, in each case, with consolidated combined capital and surplus of at least $5,000,000,000). Upon the acceptance of its appointment as Agent hereunder by a successor, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations hereunder. The fees payable by the Borrower to a successor Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the retiring Agent's resignation hereunder, the provisions of this Article and Section 10.04 shall continue in effect for the benefit of such retiring Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while it was acting as an Agent.

SECTION 8.06 Independent Lenders. Each Lender acknowledges that it has, independently and without reliance upon any Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon either Agent or any other Lender and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any related agreement or any document furnished hereunder or thereunder.

SECTION 8.07 Advances and Payments.

(a) On the date of each Loan, the Administrative Agent shall be authorized (but not obligated) to advance, for the account of each of the Lenders, the amount of the Loan to be made by it in accordance with its Term Loan Commitment or Revolving Commitment, as applicable, hereunder. Should the Administrative Agent do so, each of the Lenders agrees forthwith to reimburse the Administrative Agent in immediately available funds for the amount so advanced on its behalf by the Administrative Agent, together with interest at the Federal Funds Effective Rate if not so reimbursed on the date due from and including such date but not including the date of reimbursement.

(b) Any amounts received by the Administrative Agent in connection with this Agreement (other than amounts to which the Administrative Agent is entitled pursuant to

Sections 2.19, 2.20(a), 8.04 and 10.04), the application of which is not otherwise provided for in this Agreement, shall be applied in accordance with Section 2.17(b). All amounts to be paid to a Lender by the Administrative Agent shall be credited to that Lender, after collection by the Administrative Agent, in immediately available funds either by wire transfer or deposit in that Lender's correspondent account with the Administrative Agent, as such Lender and the Administrative Agent shall from time to time agree.

SECTION 8.08 Sharing of Setoffs. Each Lender agrees that, except to the extent this Agreement expressly provides for payments to be allocated to a particular Lender, if it shall, through the exercise either by it or any of its banking Affiliates of a right of banker's lien, setoff or counterclaim against the Borrower or a Guarantor, including, but not limited to, a secured claim under Section 506 of the Bankruptcy Code or other security or interest arising from, or in lieu of, such secured claim and received by such Lender (or any of its banking Affiliates) under any applicable bankruptcy, insolvency or other similar law, or otherwise, obtain payment in respect of its Loans or LC Exposure as a result of which the unpaid portion of its Loans or LC Exposure is proportionately less than the unpaid portion of the Loans or LC Exposure of any other Lender (a) it shall promptly purchase at par (and shall be deemed to have thereupon purchased) from such other Lender a participation in the Loans or LC Exposure of such other Lender, so that the aggregate unpaid principal amount of each Lender's Loans and LC Exposure and its participation in Loans and LC Exposure of the other Lenders shall be in the same proportion to the aggregate unpaid principal amount of all Loans then outstanding and LC Exposure as the principal amount of its Loans and LC Exposure prior to the obtaining of such payment was to the principal amount of all Loans outstanding and LC Exposure prior to the obtaining of such payment and (b) such other adjustments shall be made from time to time as shall be equitable to ensure that the Lenders share such payment pro rata; provided that if any such non-pro-rata payment is thereafter recovered or otherwise set aside, such purchase of participations shall be rescinded (without interest). The provisions of this Section 8.08 shall not be construed to apply to (a) any payment made by the Borrower or a Guarantor pursuant to and in accordance with the express terms of this Agreement (including the application of funds arising from the existence of a Defaulting Lender) or (b) any payment obtained by any Lender as consideration for the assignment or sale of a participation in any of its Loans or other Obligations owed to it.

SECTION 8.09 Withholding Taxes. To the extent required by any applicable law, each Agent may withhold from any payment to any Lender an amount equivalent to any withholding tax applicable to such payment. If the Internal Revenue Service or any other Governmental Authority asserts a claim that any Agent did not properly withhold tax from amounts paid to or for the account of any Lender for any reason, or any Agent has paid over to the Internal Revenue Service applicable withholding tax relating to a payment to a Lender but no deduction has been made from such payment, without duplication of any indemnification obligations set forth in Section 8.04, such Lender shall indemnify such Agent fully for all amounts paid, directly or indirectly, by such Agent as tax or otherwise, including any penalties or interest and together with any expenses incurred.

SECTION 8.10 Appointment by Secured Parties. Each Secured Party that is not a party to this Agreement shall be deemed to have appointed each of the Administrative Agent and the Collateral Agent as its agent under the Loan Documents in accordance with the terms of this

Article VIII and to have acknowledged that the provisions of this Article VIII apply to such Secured Party *mutatis mutandis* as though it were a party hereto (and any acceptance by such Secured Party of the benefits of this Agreement or any other Loan Document shall be deemed an acknowledgment of the foregoing).

SECTION 8.11 Delivery of Information. The Administrative Agent shall not be required to deliver to any Lender originals or copies of any documents, instruments, notices, communications or other information received by the Administrative Agent from any Loan Party, any Subsidiary, the Required Lenders, any Lender or any other Person under or in connection with this Agreement or any other Loan Document except (i) as specifically provided in this Agreement or any other Loan Document and (ii) subject to all confidentiality provisions and other obligations of the Lenders under the Loan Documents, as specifically requested from time to time in writing by any Lender with respect to a specific document, instrument, notice or other written communication received by and in the possession of the Administrative Agent at the time of receipt of such request and then only in accordance with such specific request.

SECTION 8.12 Administrative Agent as Successor to Citicorp North America, Inc.; Release.

(a) The 2013 Agent, assigns all of its rights, interests and obligations under the 2013 Loan Agreement, the 2013 Collateral Documents and the 2013 Specified Collateral Documents to the Administrative Agent and the Collateral Agent, as applicable and the Administrative Agent and the Collateral Agent, as applicable hereby assume all such rights, interests and obligations.

(b) The Administrative Agent and Collateral Agent hereby (i) release the Liens granted pursuant to the 2013 Specified Collateral Documents, (ii) reassign all right, title and interest of the Administrative Agent in the collateral securing such Liens (subject to the Liens created by the Slot Security Agreement and the General Security Agreement, in each case, to the extent set forth therein), (iii) agree that the 2013 Collateral Documents and the 2013 Guaranty are hereby terminated and of no further force and effect, except for any provisions therein that expressly survive termination thereof and (iv) agree to execute and deliver or file such documents and instruments and to perform such actions as the Borrower may reasonably request to evidence or more effectively accomplish such releases and terminations.

(c) The 2013 Agent, the Administrative Agent and the Collateral Agent hereby agree (i) that notwithstanding the terms thereof, each of the 2013 Guarantors is hereby released from the 2013 Guaranty and (ii) to execute and deliver or file such documents and instruments and to perform such actions as the Borrower may reasonably request to evidence or more effectively accomplish such release.

ARTICLE IX

GUARANTY

SECTION 9.01 Guaranty.

(a) Each of the Guarantors unconditionally and irrevocably guarantees the due and punctual payment by the Borrower of the Obligations (including interest accruing on and after the filing of any petition in bankruptcy or of reorganization of the obligor whether or not post filing interest is allowed in such proceeding) (collectively, the "*Guaranteed Obligations*" and the obligations of each Guarantor in respect thereof, its "*Guaranty Obligations*"). Each of the Guarantors further agrees that, to the extent permitted by applicable law, the Obligations may be extended or renewed, in whole or in part, without notice to or further assent from such Guarantor, and it will remain bound upon this Guaranty notwithstanding any extension or renewal of any of the Obligations. The Obligations of the Guarantors shall be joint and several. Each of the Guarantors further agrees that its guaranty hereunder is a primary obligation of such Guarantor and not merely a contract of surety.

(b) Anything herein or in any other Loan Document to the contrary notwithstanding, the maximum liability of each Guarantor hereunder and under the other Loan Documents shall in no event exceed the amount that can be guaranteed by such Guarantor under applicable law, including applicable federal and state laws relating to the insolvency of debtors; provided that, to the maximum extent permitted under applicable law, it is the intent of the parties hereto that the rights of contribution of each Guarantor provided in Section 9.02 be included as an asset of the respective Guarantor in determining the maximum liability of such Guarantor hereunder.

(c) To the extent permitted by applicable law, each of the Guarantors waives presentation to, demand for payment from and protest to the Borrower or any other Guarantor, and also waives notice of protest for nonpayment. The obligations of the Guarantors hereunder shall not, to the extent permitted by applicable law, be affected by (i) the failure of any Agent or a Lender to assert any claim or demand or to enforce any right or remedy against the Borrower or any other Guarantor under the provisions of this Agreement or any other Loan Document or otherwise; (ii) any extension or renewal of any provision hereof or thereof; (iii) any rescission, waiver, compromise, acceleration, amendment or modification of any of the terms or provisions of any of the Loan Documents other than pursuant to a written agreement in compliance with Section 10.08; (iv) the release, exchange, waiver or foreclosure of any security held by the Collateral Agent for the Obligations or any of them; (v) by any default, failure or delay, willful or otherwise, in the performance of the Obligations, or by any other act or thing or omission or delay to do any other act or thing which may or might in any manner or to any extent vary the risk of the Guarantors or would otherwise operate as a discharge of the Guarantors as a matter of law; or (vi) the release or substitution of any Collateral or any other Guarantor. To the extent permitted by applicable law, each of the Guarantors further agrees that this Guaranty constitutes a guaranty of payment when due and not just of collection.

(d) To the extent permitted by applicable law, each of the Guarantors hereby waives any defense that it might have based on a failure to remain informed of the financial

condition of the Borrower and of any other Guarantor and any circumstances affecting the ability of the Borrower to perform under this Agreement, and waives any right to require that any resort be had by any Agent or a Lender to any security held for payment of the Obligations or to any balance of any deposit, account or credit on the books of any Agent or a Lender in favor of the Borrower or any other Guarantor, or to any other Person.

(e) To the extent permitted by applicable law, each Guarantor's guaranty shall not be affected by the genuineness, validity, legality, regularity or enforceability of the Obligations or any other instrument evidencing any Obligations, or by the existence, validity, enforceability, perfection, or extent of any collateral therefor or by any other circumstance relating to the Obligations which might otherwise constitute a defense to this Guaranty (other than payment in full in cash of the Obligations in accordance with the terms of this Agreement (other than those that constitute unasserted contingent indemnification obligations)). Neither the Administrative Agent nor any of the Lenders makes any representation or warranty in respect to any such circumstances or shall have any duty or responsibility whatsoever to any Guarantor in respect of the management and maintenance of the Obligations.

(f) Upon the occurrence of the Obligations becoming due and payable (by acceleration or otherwise), the Lenders shall be entitled to prompt and complete payment of such Obligations by the Guarantors upon written demand by the Administrative Agent.

SECTION 9.02 Right of Contribution. Each Guarantor hereby agrees amongst themselves only that to the extent that a Guarantor shall have paid more than its proportionate share (based, to the maximum extent permitted by law, on the respective Adjusted Net Worths (as defined below) of the Guarantors on the date the respective payment is made) of any payment made hereunder, such Guarantor shall be entitled to seek and receive contribution from and against any other Guarantor hereunder that has not paid its proportionate share of such payment. Each Guarantor's right of contribution shall be subject to the terms and conditions of Section 9.04. The provisions of this Section 9.02 shall in no respect limit the obligations and liabilities of any Guarantor to the Administrative Agent and the other Secured Parties, and each Guarantor shall remain liable to the Administrative Agent and the other Secured Parties for the full amount guaranteed by such Guarantor hereunder. "*Adjusted Net Worth*" of any Guarantor shall mean at any time, the greater of (x) $0 and (y) the amount by which the fair saleable value of such Guarantor's assets on the date of the respective payment hereunder exceeds its debts and other liabilities (including contingent liabilities, but without giving effect to any of its obligations under this Agreement or any other Loan Documents) on such date.

SECTION 9.03 Continuation and Reinstatement, etc. Each Guarantor further agrees that its guaranty hereunder shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of any Obligation is rescinded or must otherwise be restored by the Administrative Agent, the Issuing Lenders, any Lender or any other Secured Party upon the bankruptcy or reorganization of the Borrower or a Guarantor, or otherwise.

SECTION 9.04 Subrogation. Upon payment by any Guarantor of any sums to the Administrative Agent or a Lender hereunder, all rights of such Guarantor against the Borrower arising as a result thereof by way of right of subrogation or otherwise, shall in all respects be subordinate and junior in right of payment to the prior payment in full of all the Obligations

(including interest accruing on and after the filing of any petition in bankruptcy or of reorganization of an obligor whether or not post-filing interest is allowed in such proceeding). If any amount shall be paid to such Guarantor for the account of the Borrower relating to the Obligations prior to payment in full of the Obligations, such amount shall be held in trust for the benefit of the Administrative Agent and the Lenders and shall forthwith be paid to the Administrative Agent and the Lenders to be credited and applied to the Obligations, whether matured or unmatured.

SECTION 9.05 Discharge of Guaranty.

(a) In the event of any sale or other disposition of all or substantially all of the assets of any Guarantor (other than Parent), by way of merger, consolidation or otherwise, or a sale or other disposition of all Capital Stock of any Guarantor (other than Parent), in each case to a Person that is not (either before or after giving effect to such transactions) Parent or a Restricted Subsidiary of Parent or the merger or consolidation of a Guarantor with or into the Borrower or another Guarantor, in each case, in a transaction permitted under this Agreement, then such Guarantor (in the event of a sale or other disposition, by way of merger, consolidation or otherwise, of all of the Capital Stock of such Guarantor) or the corporation acquiring the property (in the event of a sale or other disposition of all or substantially all of the assets of such Guarantor) will be automatically released and relieved of any obligations under its Guarantee of the Guaranteed Obligations.

(b) Upon designation of any Guarantor as an Unrestricted Subsidiary in accordance with the terms of this Agreement, such Guarantor will be automatically released and relieved of any obligations under its Guarantee of the Guaranteed Obligations. In addition, upon the request of the Borrower, the guarantee of any Guarantor that is or becomes an Immaterial Subsidiary, a Receivables Subsidiary or an Excluded Subsidiary shall be promptly released; provided that (i) no Event of Default shall have occurred and be continuing or shall result therefrom and (ii) the Borrower shall have delivered an Officer's Certificate certifying that such Subsidiary is an Immaterial Subsidiary, a Receivables Subsidiary or an Excluded Subsidiary, as applicable; provided, further that a Subsidiary that is considered not to be an Immaterial Subsidiary solely pursuant to clause (1) of the proviso of the definition thereof shall, solely for purposes of this clause (b), be considered an Immaterial Subsidiary so long as any applicable guarantee, pledge or other obligation of such Subsidiary with respect to any Junior Secured Debt shall be irrevocably released and discharged substantially simultaneously with the release of such guarantee hereunder.

(c) The Administrative Agent shall use commercially reasonable efforts to execute and deliver, at the Borrower's expense, such documents as the Borrower or any such Guarantor may reasonably request to evidence the release of the guaranty of such Guarantor provided herein.

(d) Each Guarantor will be automatically released and relieved of any obligations under its Guarantee of the Guaranteed Obligations upon the first date on which all of the Loans and Obligations (other than any Obligations owing to a Non-Lender Secured Party) then due and owing shall have been satisfied by payment in full in cash, no Letter of Credit shall be outstanding (except for Letters of Credit that have been Cash Collateralized or otherwise provided for in a manner reasonably satisfactory to the Administrative Agent) and the Commitments shall be terminated.

ARTICLE X

MISCELLANEOUS

SECTION 10.01 Notices.

(a) Subject to paragraph (b) below, all notices and other communications provided for herein or under any other Loan Document shall be in writing, and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile or electronic mail, as follows:

(i) if to the Borrower or any Guarantor, to it at American Airlines, Inc., 4333 Amon Carter Boulevard, Mail Drop 5662, Fort Worth, TX 76155, facsimile: ###; Attention: Treasurer and, in respect of notices of proposed assignments of Loans or Commitments to the Borrower by email at ### (which shall not constitute notice); with copies to: Latham & Watkins LLP, 885 Third Avenue, New York, NY 10022, facsimile: ###; Attention: ###;

(ii) if to the Administrative Agent, to it at Citibank, N.A., 1615 Brett Road, Building III, New Castle, Delaware 19720, facsimile: ###; email: ###; Attention: Loan Administration;

(iii) if to the Collateral Agent, to it at Citibank, N.A., 1615 Brett Road, Building III, New Castle, Delaware 19720, facsimile: ###; email: ###; Attention: Loan Administration;

(iv) if to an Issuing Lender that is a Lender, to it at its address determined pursuant to clause (v) below or, if to an Issuing Lender that is not a Lender, to it at the address most recently specified by it in notice delivered by it to the Administrative Agent and the Borrower, unless no such notice has been received, in which case to it in care of its Affiliate that is a Lender at its address determined pursuant to clause (v); and

(v) if to any other Lender, to it at its address (or telecopy number) set forth in Annex A hereto or, if subsequently delivered, an Assignment and Acceptance.

(b) Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communications pursuant to procedures approved by the Administrative Agent; provided that the foregoing shall not apply to notices pursuant to Article II unless otherwise agreed by the Administrative Agent and the applicable Lender. The Administrative Agent or the Borrower may, in its reasonable discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications; provided, further, that no such approval shall be required for any notice delivered to the Administrative Agent by electronic mail pursuant to Section 2.05(b) or Section 2.13(a).

(c) Any party hereto may change its address or facsimile number for notices and other communications hereunder by notice to the other parties hereto. All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt.

SECTION 10.02 Successors and Assigns.

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby (including any Affiliate of an Issuing Lender that issues any Letter of Credit), except that (i) neither Parent nor the Borrower may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by Parent or the Borrower without such consent shall be null and void); provided that the foregoing shall not restrict any transaction permitted by Section 6.10 and (ii) no Lender may assign or otherwise transfer its rights or obligations hereunder except in accordance with this Section 10.02. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby (including any Affiliate of an Issuing Lender that issues any Letter of Credit), Participants (to the extent provided in paragraph (d) of this Section 10.02) and, to the extent expressly contemplated hereby, the Related Parties of the Administrative Agent, the Issuing Lenders and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) (i) Subject to the conditions set forth in paragraph (b)(ii) below, any Lender, in the ordinary course of business and in accordance with applicable law, may assign (other than to any Defaulting Lender, Disqualified Institution or natural person) to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Revolving Commitment and the Loans at the time owing to it), pursuant to an Assignment and Acceptance with the prior written consent (such consent not to be unreasonably withheld or delayed) of:

(A) the Administrative Agent; provided that no consent of the Administrative Agent shall be required for an assignment (I) if the assignee is a Lender, an Affiliate of a Lender or an Approved Fund of a Lender, in each case so long as such assignee is an Eligible Assignee, (II) of Term Loans to the Borrower pursuant to Section 10.02(g) and (III) of Loans made pursuant to Section 2.18(b) or 2.26(a);

(B) the Borrower; provided that no consent of the Borrower shall be required for an assignment (I) other than with respect to an assignment to any Defaulting Lender, Disqualified Institution or natural person, if an Event of Default under Section 7.01(b), (f) or (g) has occurred and is continuing or (II) if the assignee is a Lender, an Affiliate of a Lender or an Approved Fund of a Lender, in each case so long as such assignee is an Eligible Assignee; provided,

further, that the Borrower's consent will be deemed given with respect to a proposed assignment if no response is received within ten (10) Business Days after having received a written request from such Lender pursuant to this Section 10.02(b)(i)(B); and

(C) each Issuing Lender; provided that no consent of any Issuing Lender shall be required for an assignment of all or any portion of a Term Loan.

(ii) Assignments shall be subject to the following additional conditions:

(A) any assignment of any portion of the Total Revolving Commitment, Revolving Loans, LC Exposure and Term Loans shall be made to an Eligible Assignee;

(B) except in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund of a Lender or an assignment of the entire remaining amount of the assigning Lender's Revolving Commitment or Loans, the amount of such Commitment or Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Administrative Agent) shall not be less than $5,000,000, and after giving effect to such assignment, the portion of the Loan or Commitment held by the assigning Lender of the same tranche as the assigned portion of the Loan or Commitment shall not be less than $5,000,000, in each case unless the Borrower and the Administrative Agent otherwise consent; provided that no consent of the Borrower shall be required with respect to such assignment if an Event of Default has occurred and is continuing; provided, further, that any such assignment shall be in increments of $500,000 in excess of the minimum amount described above;

(C) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement;

(D) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Acceptance, together with a processing and recordation fee of $3,500 (unless waived by the Administrative Agent in any given case) for the account of the Administrative Agent; provided that for concurrent assignments to two or more Approved Funds such assignment fee shall be required to be paid only once in respect of and at the time of such assignment;

(E) the assignee, if it was not a Lender immediately prior to such assignment, shall deliver to the Administrative Agent an administrative questionnaire in a form as the Administrative Agent may require; and

(F) notwithstanding anything to the contrary herein, any assignment of any Term Loans to the Borrower shall be subject to the requirements of Section 10.02(g).

For the purposes of this Section 10.02(b), the term "*Approved Fund*" shall mean, with respect to any Lender, any Person (other than a natural person) that is engaged in making, purchasing, holding or investing in bank loans and similar extensions of credit in the Ordinary Course of Business and that is administered or managed by (a) such Lender, (b) an Affiliate of such Lender or (c) an entity or an Affiliate of an entity that administers or manages such Lender. Notwithstanding the foregoing, no Lender shall be permitted to make assignments under this Agreement to any Defaulting Lender, Disqualified Institution or natural person and any such assignment shall be void *ab initio*, except to the extent the Borrower, the Administrative Agent and each Issuing Lender have consented to such assignment in writing (in which case such Lender will not be considered a Defaulting Lender, Disqualified Institution or natural person solely for that particular assignment).

(iii) Subject to acceptance and recording thereof pursuant to paragraph (b)(iv) of this Section 10.02, from and after the effective date specified in each Assignment and Acceptance, the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of a Revolving Lender and/or a Term Lender, as the case may be, under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.14, 2.16 and 10.04). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section 10.02 shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (d) of this Section 10.02.

(iv) The Administrative Agent shall maintain at its offices a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amount (and stated interest) of the Loans and LC Disbursements owing to, each Lender pursuant to the terms hereof from time to time (the "*Register*"). The entries in the Register shall be conclusive absent manifest error, and the Borrower, the Guarantors, the Administrative Agent, the Issuing Lenders and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower, the Issuing Lenders and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(v) Notwithstanding anything to the contrary contained herein no assignment may be made hereunder to any Defaulting Lender, Disqualified Institution or natural person or any of their respective subsidiaries, or any Person who, upon becoming a Lender hereunder, would constitute any of the foregoing Persons described in this clause (v). Any assignment by a Lender to any of the foregoing Persons described in this clause (v) shall be deemed null and void *ab initio* and the Register shall be modified to reflect a reversal of such assignment, and the Borrower shall be entitled to pursue any remedy available to it (whether at law or in equity, including specific performance to unwind such assignment) against the Lender and such Person.

(vi) In connection with any assignment of rights and obligations of any Defaulting Lender hereunder, no such assignment will be effective unless and until, in addition to the other conditions thereto set forth herein, the parties to the assignment make such additional payments to the Administrative Agent in an aggregate amount sufficient, upon distribution thereof as appropriate (which may be outright payment, purchases by the assignee of participations or subparticipations, or other compensating actions, including funding, with the consent of the Borrower and the Administrative Agent, the applicable pro rata share of Loans previously requested but not funded by the Defaulting Lender, to each of which the applicable assignee and assignor hereby irrevocably consent), to (x) pay and satisfy in full all payment liabilities then owed by such Defaulting Lender to the Borrower, the Administrative Agent, the Issuing Lender and each other Revolving Lender hereunder (and interest accrued thereon), and (y) acquire (and fund as appropriate) its full pro rata share of all Loans and participations in Letters of Credit in accordance with its Aggregate Exposure Percentage. Notwithstanding the foregoing, in the event that any assignment of rights and obligations of any Defaulting Lender hereunder becomes effective under applicable law without compliance with the provisions of this paragraph, then the assignee of such interest will be deemed to be a Defaulting Lender for all purposes of this Agreement until such compliance occurs.

(c) Upon its receipt of a duly completed Assignment and Acceptance executed by an assigning Lender and an assignee, the assignee's completed administrative questionnaire in a form as the Administrative Agent may require (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (b) of this Section 10.02 and any written consent to such assignment required by paragraph (b) of this Section 10.02, the Administrative Agent shall accept such Assignment and Acceptance and record the information contained therein in the Register; provided that if either the assigning Lender or the assignee shall have failed to make any payment required to be made by it pursuant to Section 2.02(d) or (e), 2.04(a) or (b), 8.04 or 10.04(d), the Administrative Agent shall have no obligation to accept such Assignment and Acceptance and record the information therein in the Register unless and until such payment shall have been made in full, together with all accrued interest thereon. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(d) (i) Any Lender may, without the consent of the Borrower, the Administrative Agent or any Issuing Lender, sell participations (other than to any Defaulting Lender, Disqualified Institution or natural person) to one or more banks or other entities (a "*Participant*") in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans owing to it); provided that (A) such Lender's obligations under this Agreement shall remain unchanged, (B) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (C) such Lender shall remain the holder of any such Loan for all purposes under this Agreement and the other Loan Documents and (D) the Borrower, the Administrative Agent, the Issuing Lenders and the other Lenders shall continue to deal solely and directly with such Lender in

connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in the first proviso to Section 10.08(a) that affects such Participant. Subject to Section 10.02(d)(ii), the Borrower agrees that each Participant shall be entitled to the benefits of (and shall have the related obligations under) Sections 2.14 and 2.16 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to Section 10.02(b). To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 8.08 as though it were a Lender; provided that such Participant agrees to be subject to the requirements of Section 8.08 as though it were a Lender. Each Lender that sells a participation, acting solely for this purpose as a non-fiduciary agent of the Borrower, shall maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under this Agreement (the "*Participant Register*"); provided, further that no Lender shall have any obligation to disclose all or any portion of the Participant Register to any Person (including the identity of any Participant or any information relating to a Participant's interest in any Commitments, Loans, Letters of Credit or its other obligations under this Agreement or any Loan Document), except to the extent that such disclosure is necessary to establish that such Commitment, Loan, Letter of Credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender, the Borrower, a Guarantor and the Administrative Agent shall treat each person whose name is recorded in the Participant Register pursuant to the terms hereof as the owner of such participation for all purposes of this Agreement, notwithstanding notice to the contrary. Notwithstanding the foregoing, no Lender shall be permitted to sell participations under this Agreement to any Defaulting Lender, Disqualified Institution or natural person and any such participation shall be void *ab initio*, except to the extent that the Borrower has consented to such participation in writing (in which case such Lender will not be considered a Defaulting Lender, Disqualified Institution or natural person solely for that particular participation). Any attempted participation which does not comply with Section 10.02 shall be null and void.

(ii) A Participant shall not be entitled to receive any greater payment under Section 2.14 or 2.16 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant and shall be subject to the terms of Section 2.18(a). The Lender selling the participation to such Participant shall be subject to the terms of Section 2.18(b) if such Participant requests compensation or additional amounts pursuant to Section 2.14 or 2.16. A Participant shall not be entitled to the benefits of Section 2.16 unless such Participant agrees, for the benefit of the Borrower, to comply with Sections 2.16(f), 2.16(g) and 2.16(h) as though it were a Lender.

(e) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including without limitation any pledge or assignment to secure obligations to a Federal Reserve Bank or any central bank having jurisdiction over such Lender, and this Section 10.02 shall not apply to

any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(f) Any Lender may, in connection with any assignment or participation or proposed assignment or participation pursuant to this Section 10.02, disclose to the assignee or participant or proposed assignee or participant, any information relating to the Borrower or any of the Guarantors furnished to such Lender by or on behalf of the Borrower or any of the Guarantors; provided that prior to any such disclosure, each such assignee or participant or proposed assignee or participant provides to the Administrative Agent its agreement in writing to be bound for the benefit of the Borrower by either the provisions of Section 10.03 or other provisions at least as restrictive as Section 10.03.

(g) Notwithstanding anything else to the contrary contained in this Agreement, any Lender may assign all or a portion of its Term Loans of any Class to the Borrower in accordance with Section 10.02(b) pursuant to a Dutch Auction or open market purchase by the Borrower; provided that:

(i) the assigning Lender and the Borrower purchasing such Lender's Term Loans, as applicable, shall execute and deliver to the Administrative Agent an Assignment and Acceptance;

(ii) any Term Loans assigned to the Borrower shall be automatically and permanently cancelled upon the effectiveness of such assignment and will thereafter no longer be outstanding for any purpose hereunder;

(iii) no Event of Default has occurred or is continuing; and

(iv) the assignment to the Borrower and cancellation of Term Loans shall not constitute a mandatory or voluntary payment for purposes of Section 2.12 or 2.13 and shall not be subject to Section 8.08, but the aggregate outstanding principal amount of the Term Loans shall be deemed reduced by the full par value of the aggregate principal amount of the Term Loans purchased pursuant to this Section 10.02(g), and each principal repayment installment with respect to the Term Loans of such Class shall be reduced pro rata by the aggregate principal amount of Term Loans of such Class purchased hereunder.

Each Lender making an assignment to the Borrower acknowledges and agrees that in connection with such assignment, (1) the Borrower then may have, and later may come into possession of, information regarding the Term Loans or the Loan Parties hereunder that is not known to such Lender and that may be material to a decision by such Lender to assign the Term Loans ("*Excluded Information*"), (2) such Lender has independently and, without reliance on the Borrower, the Administrative Agent or any of their respective Affiliates, made its own analysis and determination to enter into such assignment notwithstanding such Lender's lack of knowledge of the Excluded Information and (3) none of the Borrower, the Administrative Agent, or any of their respective Affiliates shall have any liability to such Lender, and such Lender hereby waives and releases, to the extent permitted by law, any claims such Lender may have

against the Borrower, the Administrative Agent, and their respective Affiliates, under applicable laws or otherwise, with respect to the nondisclosure of the Excluded Information. Each Lender entering into such an assignment further acknowledges that the Excluded Information may not be available to the Administrative Agent or the other Lenders.

(h) No assignment or participation made or purported to be made to any assignee or Participant shall be effective without the prior written consent of the Borrower if it would require the Borrower to make any filing with any Governmental Authority or qualify any Loan under the laws of any jurisdiction, and the Borrower shall be entitled to request and receive such information and assurances as it may reasonably request from any Lender or any assignee or Participant to determine whether any such filing or qualification is required or whether any assignment or participation is otherwise in accordance with applicable law.

(i) If the Borrower wishes to replace any Loans under any Facility hereunder with ones having different terms, it shall have the option, with the consent of the Administrative Agent and subject to at least three (3) Business Days' advance notice to the Lenders under such Facility, instead of prepaying the Loan to be replaced, to (i) require the Lenders under such Facility to assign such Loans to the Administrative Agent or its designees and (ii) amend the terms thereof in accordance with Section 10.08. Pursuant to any such assignment, all Loans to be replaced shall be purchased at par (allocated among the Lenders under such Facility in the same manner as would be required if such Loans were being optionally prepaid by the Borrower), accompanied by payment of any accrued interest and fees thereon and any amounts owing pursuant to Section 10.04(b). By receiving such purchase price, the Lenders under such Facility shall automatically be deemed to have assigned the Loans under such Facility pursuant to the terms of the form of the Assignment and Acceptance, the Administrative Agent shall record such assignment in the Register and accordingly no other action by such Lenders shall be required in connection therewith. The provisions of this clause (i) are intended to facilitate the maintenance of the perfection and priority of existing security interests in the Collateral during any such replacement.

(j) In connection with any replacement of a Lender pursuant to Section 2.18, 2.26(a), 10.08(b) or other provision hereof (collectively, a "*Replaceable Lender*"), if any such Replaceable Lender does not execute and deliver to the Administrative Agent a duly executed Assignment and Acceptance reflecting such replacement within one (1) Business Day of the date on which the assignee Lender executes and delivers such Assignment and Acceptance to such Replaceable Lender, then such Replaceable Lender shall be deemed to have executed and delivered such Assignment and Acceptance without any action on the part of the Replaceable Lender.

(k) Each Loan Party and Lender acknowledges and agrees that the Administrative Agent shall not have any responsibility for determining whether any Lender or potential Lender or Participant or potential Participant is a Disqualified Institution or otherwise prohibited from holding Loans or participations hereunder.

SECTION 10.03 Confidentiality. Each Agent and each Lender agrees to keep confidential any information (i) delivered or made available by Parent, the Borrower or any of the Guarantors or any of their respective Subsidiaries or (ii) obtained by any Agent or such

Lender based on a review of the books and records of Parent or the Borrower or any of their respective Subsidiaries to them, in accordance with their customary procedures, from anyone other than persons employed or retained by each Agent or such Lender who are or are expected to become engaged in evaluating, approving, structuring or administering the Loans, and who are advised by such Lender of the confidential nature of such information; provided that nothing herein shall prevent any Agent or any Lender from disclosing such information (a) to any of its Affiliates and their respective agents and advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such information under this Section 10.03 and instructed to keep such information confidential) or to any other Lender, (b) upon the order of any court or administrative agency, (c) upon the request or demand of any regulatory agency or authority (including any self-regulatory authority), (d) which has been publicly disclosed other than as a result of a disclosure by any Agent or any Lender which is not permitted by this Agreement, (e) in connection with any litigation to which any Agent, any Lender or their respective Affiliates may be a party to the extent reasonably required under applicable rules of discovery, (f) to the extent reasonably required in connection with the exercise of any remedy hereunder, (g) to such Lender's legal counsel and independent auditors, (h) on a confidential basis to any rating agency in connection with rating Parent and its Subsidiaries or any Facility, (i) with the consent of the Borrower, (j) to any actual or proposed participant or assignee of all or part of its rights hereunder or to any direct or indirect contractual counterparty (or the professional advisors thereto) to any swap or derivative transaction relating to the Borrower and its obligations, in each case, subject to the proviso in Section 10.02(f) (with any reference to any assignee or participant set forth in such proviso being deemed to include a reference to such contractual counterparty for purposes of this Section 10.03(j)), (k) to the extent that such information is or was received by such Lender from a third party that is not, to such Lender's knowledge, subject to confidentiality obligations to the Borrower and (l) to the extent that such information is independently developed by such Lender. If any Lender is in any manner requested or required to disclose any of the information delivered or made available to it by the Borrower or any of the Guarantors under clauses (b), (c) (unless such disclosure is made in connection with a routine examination or audit) or (e) of this Section 10.03, such Lender will, to the extent permitted by law, provide the Borrower or Guarantor with prompt notice, to the extent reasonable, so that the Borrower or Guarantor may seek, at its sole expense, a protective order or other appropriate remedy or may waive compliance with this Section 10.03.

SECTION 10.04 Expenses; Indemnity; Damage Waiver.

(a) (i) The Borrower shall pay or reimburse: (A) all reasonable fees and reasonable and documented out-of-pocket expenses of each Agent and the Joint Lead Arrangers and Bookrunners (including the reasonable fees, disbursements and other charges of Milbank, Tweed, Hadley & McCloy LLP, special counsel to the Agents) associated with the syndication of the credit facilities provided for herein, and the preparation, execution and delivery of the Loan Documents and (in the case of the Administrative Agent) any amendments, modifications or supplements of the provisions hereof requested by the Borrower (whether or not the transactions contemplated hereby or thereby shall be consummated) and the reasonable fees and expenses of any trustee appointed pursuant to Section 8.01(d) in connection with its services under the applicable Aircraft Security Agreement or Spare Engine Security Agreement, as separately agreed between the Borrower and such trustee; and (B) in connection with any enforcement of the Loan Documents, all fees and documented out-of-pocket expenses of each Agent and any

trustee appointed pursuant to Section 8.01(d) (including the reasonable fees, disbursements and other charges of counsel for the Agents and such trustee and one local counsel for each relevant jurisdiction, and, in each case, if necessary in the case of an actual conflict of interest, an additional counsel in each such applicable jurisdiction) and each Lender (including the reasonable fees, disbursements and other charges of counsel for such Lender) incurred during the continuance of a Default and (C) all reasonable, documented, out-of-pocket costs, expenses, taxes, assessments and other charges (including the reasonable fees, disbursements and other charges of counsel for the Collateral Agent) incurred by the Collateral Agent or any trustee appointed pursuant to Section 8.01(d) in connection with any filing, registration, recording or perfection of any security interest as required by the applicable Collateral Document or incurred in connection with any release or addition of Collateral after the Closing Date; provided, however, that, so long as no Event of Default shall have occurred and be continuing, the Borrower shall not, in connection with this Section 10.04(a), be responsible hereunder for the reasonable fees and expenses of more than one such firm of separate counsel, in addition to any local counsel.

(ii) All payments or reimbursements pursuant to the foregoing clause (a)(i) shall be paid within thirty (30) days of written demand together with back-up documentation supporting such reimbursement request.

(b) The Borrower shall indemnify each Agent, any trustee appointed pursuant to Section 8.01(d), the Issuing Lenders and each Lender, and each Related Party of any of the foregoing Persons (each such Person being called an "*Indemnitee*") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including the reasonable fees, charges and disbursements of one firm counsel for all Indemnitees and, if necessary, one firm of local counsel in each appropriate jurisdiction, arising out of, in connection with, or as a result of any actual or prospective claim, litigation, investigation or proceeding (including any investigating, preparing for or defending any such claims, actions, suits, investigations or proceedings, whether or not in connection with pending or threatened litigation in which such Indemnitee is a party), whether based on contract, tort or any other theory and regardless of whether any Indemnitee is a party thereto and whether or not any such claim, litigation, investigation or proceeding is brought by the Borrower, its equity holders, its Affiliates, its creditors or any other person, relating to (i) the execution or delivery of this Agreement or any agreement or instrument contemplated hereby, the performance by the parties hereto of their respective obligations hereunder or the consummation of the Transactions or any other transactions contemplated hereby, (ii) any Loan or Letter of Credit or the use of the proceeds therefrom (including any refusal by any Issuing Lender to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit) or (iii) any actual or alleged presence or Release of Hazardous Materials on or from any property owned or operated by Parent or any of its Subsidiaries, or any Environmental Liability related in any way to, or asserted against, Parent or any of its Subsidiaries; provided that the foregoing indemnity will not, as to any Indemnitee (or any of its Related Parties), be available to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the bad faith, gross negligence or willful misconduct of, or material breach of any Loan Document by, such Indemnitee (or of any of its Related Parties), and in such case such Indemnitee (and its Related Parties) shall repay the

Borrower the amount of any expenses previously reimbursed by the Borrower in connection with any such loss, claims, damages, expenses or liability to such Indemnitee and, to the extent not repaid by any of them, such Indemnitee's Related Parties not a party to this Agreement or (y) result from any proceeding between or among Indemnitees that does not involve an action or omission by the Borrower or its Affiliates (other than claims against any Indemnitee in its capacity or in fulfilling its role as an Agent, trustee or Joint Lead Arranger and Bookrunner or any other similar role under the Facilities (excluding its role as a Lender)). This Section 10.04(b) shall not apply with respect to Taxes other than Taxes that represent losses or damages arising from any non-Tax claim. Neither the Borrower nor any Indemnitee shall be liable for any indirect, special, punitive or consequential damages hereunder; provided that nothing contained in this sentence shall limit the Borrower's indemnity or reimbursement obligations under this Section 10.04 to the extent such indirect, special, punitive or consequential damages are included in any third party claim in connection with which such Indemnitee is entitled to indemnification hereunder.

(c) In case any action or proceeding shall be brought or asserted against an Indemnitee in respect of which indemnity may be sought against the Borrower under the provisions of any Loan Document, such Indemnitee shall promptly notify the Borrower in writing and the Borrower shall, if the Borrower desires to do so, assume the defense thereof, including the employment of counsel reasonably satisfactory to such Indemnitee but only if (i) no Event of Default shall have occurred and be continuing and (ii) such action or proceeding does not involve any risk of criminal liability or material risk of material civil money penalties being imposed on such Indemnitee. The Borrower shall not enter into any settlement of any such action or proceeding unless such settlement (x) includes an unconditional release of such Indemnitees from all liability or claims that are the subject matter of such action or proceeding and (y) does not include any statement as to fault or culpability. The failure to so notify the Borrower shall not affect any obligations the Borrower may have to such Indemnitee under the Loan Documents or otherwise other than to the extent that the Borrower is materially adversely affected by such failure. The Indemnitees shall have the right to employ separate counsel in such action or proceeding and participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of the Indemnitees unless: (i) the Borrower has agreed to pay such fees and expenses or (ii) the Indemnitees shall have been advised in writing by counsel that under prevailing ethical standards there may be a conflict between the positions of the Borrower and the Indemnitees in conducting the defense of such action or proceeding or that there may be legal defenses available to the Indemnitees different from or in addition to those available to the Borrower, in which case, if the Indemnitees notify the Borrower in writing that they elect to employ separate counsel at the expense of the Borrower, the Borrower shall not have the right to assume the defense of such action or proceeding on behalf of the Indemnitees; provided, however, that the Borrower shall not, in connection with any one such action or proceeding or separate but substantially similar or related actions or proceedings in the same jurisdiction arising out of the same general allegations or circumstances, be responsible hereunder for the reasonable fees and expenses of more than one such firm of separate counsel, in addition to any regulatory counsel and any local counsel. The Borrower shall not be liable for any settlement of any such action or proceeding effected without the written consent of the Borrower (which shall not be unreasonably withheld or delayed).

(d) To the extent that the Borrower fails to pay any amount required to be paid to an Issuing Lender under paragraph (a) or (b) of this Section 10.04, each Lender severally agrees to pay to the applicable Issuing Lender, as the case may be, such portion of the unpaid amount equal to such Lender's Aggregate Exposure Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought); provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the applicable Issuing Lender in its capacity as such.

(e) To the extent permitted by applicable law, each party hereto shall not assert, and hereby waives, any claim against any other party hereto, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement or any agreement or instrument contemplated hereby, the Transactions, any Loan or Letter of Credit or the use of the proceeds thereof.

SECTION 10.05 Governing Law; Jurisdiction; Consent to Service of Process.

(a) THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

(b) Each party hereto hereby irrevocably and unconditionally submits, for itself and its property in any legal action or proceeding relating to this Agreement and the other Loan Documents to which it is a party, to the exclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York and appellate courts from either of them, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State court or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall, to the extent permitted by law, be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

(c) Each party hereto hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement in any court referred to in Section 10.05(b). Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Each party hereto hereby irrevocably and unconditionally consents to service of process in the manner provided for notices in Section 10.01. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

SECTION 10.06 No Waiver. No failure on the part of the Administrative Agent or any of the Lenders to exercise, and no delay in exercising, any right, power or remedy hereunder or any of the other Loan Documents shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy. All remedies hereunder are cumulative and are not exclusive of any other remedies provided by law.

SECTION 10.07 Extension of Maturity. Should any payment of principal of or interest or any other amount due hereunder become due and payable on a day other than a Business Day, the maturity thereof shall be extended to the next succeeding Business Day and, in the case of principal, interest shall be payable thereon at the rate herein specified during such extension.

SECTION 10.08 Amendments, etc.

(a) Except as set forth in clause (d)(iii) below, no modification, amendment or waiver of any provision of this Agreement or any Collateral Document (other than the Account Control Agreement), and no consent to any departure by the Borrower or any Guarantor therefrom, shall in any event be effective unless the same shall be in writing and signed by the Required Lenders or to the extent that such modification, amendment or waiver only relates to a Class, the applicable Required Class Lenders (or signed by the Administrative Agent with the consent of the Required Lenders or the Required Class Lenders, as applicable), and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given; provided, however, that no such modification or amendment shall without the prior written consent of:

(i) each Lender directly and adversely affected thereby, (A) increase the Commitment of any Lender or extend the termination date of the Commitment of any Lender (it being understood that a waiver of an Event of Default shall not constitute an increase in or extension of the termination date of the Commitment of a Lender), (B) reduce the principal amount of any Loan, any reimbursement obligation in respect of any Letter of Credit, or the rate of interest payable on any Loan (provided that only the consent of the Required Lenders shall be necessary for a waiver of default interest referred to in Section 2.08), or extend any date for the payment of principal, interest or Fees hereunder or reduce any Fees payable hereunder or extend the final maturity of the Borrower's obligations hereunder, (C) amend this Section 10.08 with the effect of changing the number or percentage of Lenders that must approve any modification, amendment, waiver or consent or (D) amend or modify the terms of Section 2.17(e) in any manner that would alter the pro rata sharing of payments required thereby;

(ii) all of the Lenders, (A) amend or modify any provision of this Agreement which provides for the unanimous consent or approval of the Lenders, (B) release all or substantially all of the Liens granted to the Collateral Agent hereunder or under any other Loan Document (except to the extent contemplated by Section 6.09(c) on the date hereof or by the terms of the Collateral Documents), or release all or substantially all of the Guarantors (except to the extent contemplated by Section 9.05) or (C) amend or modify the definition of "Required Lenders";

(iii) the Administrative Agent (such consent not to be unreasonably withheld or denied) and each entity which becomes an initial Revolving Lender in order to increase the Revolving Commitment above $0; and

(iv) all Revolving Lenders, change the definition of the term "Required Revolving Lenders" or the percentage of Lenders which shall be required for Revolving Lenders to take any action hereunder.

(b) No such amendment or modification shall adversely affect the rights and obligations of the Administrative Agent or any Issuing Lender hereunder without its prior written consent.

(c) No notice to or demand on the Borrower or any Guarantor shall entitle the Borrower or any Guarantor to any other or further notice or demand in the same, similar or other circumstances. Each assignee under Section 10.02(b) shall be bound by any amendment, modification, waiver, or consent authorized as provided herein, and any consent by a Lender shall bind any Person subsequently acquiring an interest on the Loans held by such Lender. No amendment to this Agreement shall be effective against the Borrower or any Guarantor unless signed by the Borrower or such Guarantor, as the case may be.

(d) Notwithstanding anything to the contrary contained in Section 10.08(a), (i) in the event that the Borrower requests that this Agreement be modified or amended in a manner which would require the unanimous consent of all of the Lenders or the consent of all Lenders directly and adversely affected thereby or all the Lenders with respect to a certain class of Loans and, in each case, such modification or amendment is agreed to by the Required Lenders, Required Revolving Lenders or Required Class Lenders, as applicable, or the relevant affected Lender, as the case may be, then the Borrower (A) may replace any non-consenting Lender with respect to all or a portion of its Loans or Commitments, as applicable, in accordance with Section 10.02; provided that such amendment or modification can be effected as a result of the assignment contemplated by such Section (together with all other such assignments required by the Borrower to be made pursuant to this clause (i)); provided, further, that any assignment made pursuant to this Section 10.08(d) shall be subject to the processing and recordation fee specified in Section 10.02(b)(ii)(D) or (B) upon notice to the Administrative Agent, prepay the Loans and, at the Borrower's option, terminate all or a portion of the Commitments of such non-consenting Lender in whole or in part, without premium or penalty, subject to Sections 2.13(d) and 10.04(b) and reallocate the LC Exposure of such non-consenting Lender under Section 2.26(d) (as if such Lender were a Defaulting Lender); provided that all obligations of the Borrower owing to the non-consenting Lender relating to such Commitments, Loans and participations so prepaid or terminated shall be paid in full by the Borrower to such non-consenting Lender concurrently with such prepayment and termination; and provided, further, that no such termination of Commitments shall be permitted pursuant to this clause (B) if, after giving effect thereto and to any Revolving Extension of Credit, any prepayment of any Loan and any maturity of any Letter of Credit on the effective date thereof, the aggregate principal amount of Revolving Loans then outstanding, when added to the sum of the then outstanding LC Exposure (other than Commitments that have been Cash Collateralized in accordance with Section 2.02(j)), would exceed the Revolving Commitments then in effect; (ii) no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver

or consent hereunder, except that the Commitment of such Lender may not be increased or extended without the consent of such Lender (it being understood that the Commitment and the outstanding Loans or other extensions of credit held or deemed held by any Defaulting Lender shall be excluded for a vote of the Lenders hereunder requiring any consent of the Lenders); (iii) notwithstanding anything to the contrary herein, any modifications or amendments under any Increase Joinder entered into in connection with Section 2.27 or any Extension Amendment entered in accordance with Section 2.28 or any Replacement Loans entered into in accordance with Section 10.08(e) may be made without the consent of the Required Lenders and (iv) if the Administrative Agent and the Borrower shall have jointly identified an obvious error or any error or omission of a technical or immaterial nature in any provision of the Loan Documents, then the Administrative Agent and the Borrower shall be permitted to amend such provision and such amendment shall become effective without any further action or consent of any other party to any Loan Document if the same is not objected to in writing by the Required Lenders within five (5) Business Days after written notice thereof to the Lenders.

(e) Notwithstanding anything to the contrary contained in Section 10.08(a), this Agreement and, as appropriate, the other Loan Documents may be amended with the written consent of the Administrative Agent, the Borrower and the Lenders providing the relevant Replacement Loans (as defined below) as may be necessary or appropriate in the reasonable opinion of the Administrative Agent and the Borrower (x) to permit the refinancing, replacement or modification of all or a portion of the outstanding Term Loans of any tranche ("*Refinanced Term Loans*") with a replacement term loan tranche ("*Replacement Term Loans*") or the refinancing, replacement or modification of all or a portion of the outstanding Revolving Loans of any tranche ("*Refinanced Revolving Loans*" and, together with the Refinanced Term Loans, the "*Refinanced Loans*") with a replacement revolving loan tranche ("*Replacement Revolving Loans*" and, together with the "*Replacement Term Loans*," the "*Replacement Loans*") hereunder and (y) to include appropriately the Lenders holding such credit facilities in any determination of Required Lenders, Required Class Lenders, Required Term Lenders in Required Revolving Lenders, as applicable; provided that (a) the aggregate principal amount of such Replacement Loans shall not exceed the aggregate principal amount of such Refinanced Loans, (b) the Applicable Margin for such Replacement Loans shall not be higher than the Applicable Margin for such Refinanced Loans, (c) in the case of Replacement Term Loans, the Weighted Average Life to Maturity of such Replacement Term Loans shall not be shorter than the Weighted Average Life to Maturity of such Refinanced Term Loans at the time of such refinancing (except to the extent of nominal amortization for periods where amortization has been eliminated as a result of prepayment of the applicable Term Loans) and (d) all other terms applicable to such Replacement Loans shall be substantially identical to or less favorable to the Lenders providing such Replacement Loans than those applicable to the Lenders of such Refinanced Loans, except to the extent necessary to provide for covenants and other terms applicable to any period after the Latest Maturity Date in effect immediately prior to such refinancing. Notwithstanding anything to the contrary set forth in this Agreement or the other Loan Documents, the Lenders hereby irrevocably authorize the Administrative Agent to enter into amendments to this Agreement and the other Loan Documents with the Borrower as may be necessary in order to establish new tranches or sub-tranches in respect of Replacement Loans and such technical amendments as may be necessary or appropriate in the reasonable opinion of the Administrative Agent and the Borrower in connection with the establishment of such Replacement Loans.

(f) Notwithstanding anything to the contrary contained in Section 10.08(a), this Agreement and, as appropriate, the other Loan Documents, may be amended (or amended and restated) with the written consent of the Required Lenders, the Administrative Agent and the Borrower (a) to add one or more additional credit facilities to this Agreement (whether pursuant to Section 2.27 or otherwise) and to permit the extensions of credit from time to time outstanding thereunder and the accrued interest and fees in respect thereof to share ratably in the benefits of this Agreement and the other Loan Documents with the Term Loans and the Revolving Loans and the accrued interest and fees in respect thereof and (b) to include appropriately the Lenders holding such credit facilities in any determination of the Required Lenders, Required Revolving Lenders and/or Required Term Lenders, as applicable.

(g) In addition, notwithstanding anything to the contrary contained in Section 7.01 or Section 10.08(a), following the consummation of any Extension pursuant to Section 2.28, no modification, amendment or waiver (including, for the avoidance of doubt, any forbearance agreement entered into with respect to this Agreement) shall limit the right of any non-extending Lender (each, a "*Non-Extending Lender*") to enforce its right to receive payment of amounts due and owing to such Non-Extending Lender on the applicable Revolving Facility Maturity Date and/or Term Loan Maturity Date, as the case may be, applicable to the Loans of such Non-Extending Lenders without the prior written consent of Non-Extending Lenders that would constitute the Required Class Lenders with respect to any affected Class of such Loans if the Non-Extending Lenders were the only Lenders hereunder at the time.

(h) It is understood that the amendment provisions of this Section 10.08 shall not apply to extensions of the Revolving Facility Maturity Date, the Term Loan Maturity Date or the maturity date of any tranche of Revolving Commitments, in each case, made in accordance with Section 2.28.

(i) Notwithstanding anything to the contrary contained in Section 10.08(a), this Agreement and, as appropriate, the other Loan Documents, may be amended (or amended and restated) by each Agent and the Borrower to comply with any collateral trust agreement entered into after the Closing Date among the Borrower, the other Grantors, the Administrative Agent, the collateral trustee party thereto and the other financial institutions party thereto, including, without limitation, amending (or amending and restating) this Agreement and the other Loan Documents to provide for the assignment of the security interest in the Collateral from the Collateral Agent to such collateral trustee.

(j) Notwithstanding anything to the contrary contained in Section 10.08(a), any Collateral Document may be amended, supplemented or otherwise modified without the consent of any Lender (i) to add assets (or categories of assets) to the Collateral covered by such Collateral Document, as contemplated by the definition of "Additional Collateral" set forth in Section 1.01 or (ii) to remove any asset or type or category of asset (including after-acquired assets of that type or category) from the Collateral covered by such Collateral Document to the extent the release thereof is permitted by Section 6.09(c) or constitutes a Permitted Disposition.

SECTION 10.09 Severability. To the extent permitted by applicable law, any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or

unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 10.10 Headings. Section headings used herein are for convenience only and are not to affect the construction of or be taken into consideration in interpreting this Agreement.

SECTION 10.11 Survival. All covenants, agreements, representations and warranties made by the Borrower herein and in the certificates or other instruments delivered in connection with or pursuant to this Agreement shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of this Agreement and the making of any Loans and issuance of any Letters of Credit, regardless of any investigation made by any such other party or on its behalf and notwithstanding that any Agent, any Issuing Lender or any Lender may have had notice or knowledge of any Event of Default or incorrect representation or warranty at the time any credit is extended hereunder. The provisions of Sections 2.14, 2.15, 2.16 and 10.04 and Article VIII shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans, the expiration or termination of the Letters of Credit and the Commitments, or the termination of this Agreement or any provision hereof.

SECTION 10.12 Execution in Counterparts; Integration; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement constitutes the entire contract among the parties relating to the subject matter hereof and supersedes any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.01, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or electronic .pdf copy shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 10.13 USA Patriot Act. Each Lender that is subject to the requirements of the Patriot Act hereby notifies the Borrower and each Guarantor that pursuant to the requirements of the Patriot Act, it is required to obtain, verify and record information that identifies the Borrower and each Guarantor, which information includes the name and address of the Borrower and each Guarantor and other information that will allow such Lender to identify the Borrower and each Guarantor in accordance with the Patriot Act.

SECTION 10.14 New Value. It is the intention of the parties hereto that any provision of Collateral by a Grantor as a condition to, or in connection with, the making of any Loan or the issuance of any Letter of Credit hereunder, shall be made as a contemporaneous exchange for new value given by the Lenders or Issuing Lenders, as the case may be, to the Borrower.

SECTION 10.15 WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO ANY OF THE LOAN DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 10.15.

SECTION 10.16 No Fiduciary Duty. Each Agent, each Lender and their Affiliates (collectively, solely for purposes of this paragraph, the "*Lenders*"), may have economic interests that conflict with those of the Borrower, its stockholders and/or its affiliates. The Borrower agrees that nothing in the Loan Documents or otherwise related to the Transactions will be deemed to create an advisory, fiduciary or agency relationship or fiduciary or other implied duty between any Lender, on the one hand, and the Borrower, its stockholders or its affiliates, on the other hand. The parties hereto acknowledge and agree that (i) the transactions contemplated by the Loan Documents (including the exercise of rights and remedies hereunder and thereunder) are arm's-length commercial transactions between the Lenders, on the one hand, and the Borrower and the Guarantors, on the other hand, and (ii) in connection therewith and with the process leading thereto, (x) no Lender has assumed an advisory or fiduciary responsibility in favor of the Borrower, its stockholders or its affiliates with respect to the transactions contemplated hereby (or the exercise of rights or remedies with respect thereto) or the process leading thereto (irrespective of whether any Lender has advised, is currently advising or will advise the Borrower, its stockholders or its affiliates on other matters) or any other obligation to the Borrower except the obligations expressly set forth in the Loan Documents and (y) each Lender is acting solely as principal and not as the agent or fiduciary of the Borrower, its management, stockholders, affiliates, creditors or any other Person. The Borrower acknowledges and agrees that the Borrower has consulted its own legal and financial advisors to the extent it deemed appropriate and that it is responsible for making its own independent judgment with respect to such transactions and the process leading thereto. The Borrower agrees that it will not claim that any Lender has rendered advisory services of any nature or respect, or owes a fiduciary or similar duty to the Borrower, in connection with such transaction or the process leading thereto.

SECTION 10.17 Lender Action. Each Lender agrees that it shall not take or institute any actions or proceedings, judicial or otherwise, for any right or remedy against the Borrower, any Guarantor or any other obligor under any of the Loan Documents (including the exercise of any right of setoff, rights on account of any banker's lien or similar claim or other rights of self-help), or institute any actions or proceedings, or otherwise commence any remedial procedures, with respect to any Collateral or any other property of the Borrower or any Guarantor, unless expressly provided for herein or in any other Loan Document, without the prior written consent of the Administrative Agent. The provisions of this Section 10.17 are solely as between the Lenders and shall not afford any right to, or constitute a defense available to, the Borrower or any Guarantor and shall not limit any right or defense available to the Borrower or any Guarantor.

SECTION 10.18 Intercreditor Agreements. Notwithstanding anything to the contrary contained in this Agreement, if at any time the Administrative Agent or the Collateral Agent shall enter into any Intercreditor Agreement, pursuant to and as permitted by the terms of this Agreement or any Other Intercreditor Agreement and such Intercreditor Agreement or such Other Intercreditor Agreement shall remain outstanding, the rights granted to the Secured Parties hereunder and under the other Loan Documents, the Liens and security interest granted to the Collateral Agent pursuant to this Agreement or any other Loan Document and the exercise of any right or remedy by any Agent hereunder or under any other Loan Document shall be subject to the terms and conditions of such Intercreditor Agreement or such Other Intercreditor Agreement. In the event of any conflict between the terms of this Agreement, any other Loan Document and such Intercreditor Agreement or such Other Intercreditor Agreements, the terms of such Intercreditor Agreement or such Other Intercreditor Agreement shall govern and control with respect to any right or remedy, and no right, power or remedy granted to any Agent hereunder or under any other Loan Document shall be exercised by such Agent, and no direction shall be given by such Agent, in contravention of such Intercreditor Agreement or such Other Intercreditor Agreement

SECTION 10.19 Acknowledgement and Consent to Bail-In of EEA Financial Institutions. Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any Lender that is an EEA Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any Lender that is an EEA Financial Institution; and

(b) the effects of any Bail-in Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.

IN WITNESS WHEREOF, the signatories hereto have caused this Amended and Restated Credit and Guaranty Agreement to be executed by their respective officers thereunto duly authorized as of the day and year first above written.

AMERICAN AIRLINES, INC., as the Borrower

By: /s/ Thomas T. Weir
Name: Thomas T. Weir
Title: Vice President and Treasurer

[Signature Page to Amended and Restated Credit and Guaranty Agreement]

AMERICAN AIRLINES GROUP INC., as Parent and a Guarantor

By: /s/ Thomas T. Weir
Name: Thomas T. Weir
Title: Vice President and Treasurer

[Signature Page to Amended and Restated Credit and Guaranty Agreement]

CITIBANK, N.A., as Administrative Agent, Collateral Agent and Lender

By: /s/ Matthew S. Burke
Name: Matthew S. Burke
Title: Vice President

[Signature Page to Amended and Restated Credit and Guaranty Agreement]

CITICORP NORTH AMERICA, INC., for purposes of the assignment and release set forth in Section 8.12

By: /s/ Matthew S. Burke
Name: Matthew S. Burke
Title: Vice President

[Signature Page to Amended and Restated Credit and Guaranty Agreement]

ANNEX A

Lender	Class B Term Loan Commitment	
Citibank, N.A.	$	703,123,954.82
Converting 2013 Lenders	$	546,876,045.18
Total	$	1,250,000,000

ATTACHED

AMENDED AND RESTATED SLOT SECURITY AGREEMENT

Dated as of December 15, 2016

Between

THE GRANTORS REFERRED TO HEREIN,
as Grantors,

and

CITIBANK, N.A.,
as Administrative Agent and Collateral Agent

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AMENDED AND RESTATED SLOT SECURITY AGREEMENT dated as of December 15, 2016 (this "Slot Security Agreement"), among AMERICAN AIRLINES, INC., a Delaware corporation (together with its successors and assigns, the "Borrower"), certain Affiliates (and their respective successors and assigns) of the Borrower from time to time party hereto pursuant to Section 30 (together with the Borrower, the "Grantors"), and CITIBANK, N.A., as administrative agent and collateral agent for the Secured Parties (as hereinafter defined) (together with any successor administrative agent appointed pursuant to Section 8.05 of the Credit Agreement (as hereinafter defined), the "Collateral Agent"). This Slot Security Agreement amends and restates in its entirety the Slot, Gate and route Security Agreement dated as of May 23, 2013 (the "2013 Slot Security Agreement") among the Borrower (as successor in interest to US Airways, Inc.), certain affiliates of the Borrower party thereto and Citicorp North America, Inc., as administrative agent and collateral agent.

WITNESSETH:

WHEREAS, the Borrower, the Affiliates of the Borrower party thereto, the several lenders from time to time party thereto (collectively, the "Lenders") and the Collateral Agent are parties to that certain Amended and Restated Credit and Guaranty Agreement dated as of December 15, 2016 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement");

WHEREAS, to induce the Lenders to enter into the Credit Agreement, the Grantors and the Collateral Agent have agreed to enter into this Slot Security Agreement; and

WHEREAS, the Collateral Agent and one or more Additional Agents may in the future enter into one or more Intercreditor Agreements and/or Other Intercreditor Agreements.

NOW, **THEREFORE**, in consideration of these premises and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

Section 1. Definitions and Rules of Interpretation. For all purposes of this Slot Security Agreement, unless the context otherwise requires, capitalized terms used but not defined herein have the respective meanings set forth in Appendix A hereto, or if not defined in Appendix A, the meanings set forth in the Credit Agreement. The parties to this Slot Security Agreement agree that the rules of interpretation set out in Section 1.02 of the Credit Agreement shall apply to this Slot Security Agreement *mutatis mutandis* as if set out in this Slot Security Agreement.

Section 2. Grant of Security Interest. Each Grantor hereby grants to the Collateral Agent, for itself and for the ratable benefit of the Secured Parties, as security for the prompt payment in full when due of all payment Obligations and the performance and observance by each Grantor of all other Obligations, and in

consideration of the premises and of the covenants herein contained, and for other good and valuable consideration the receipt and adequacy whereof are hereby acknowledged, each Grantor does hereby grant, bargain, sell, assign, transfer, convey, mortgage and pledge unto the Collateral Agent, its successors and assigns, for itself and for the ratable security and benefit of the Secured Parties until released pursuant to Section 17 hereof, a Lien on and security interest in all estate, right, title and interest of such Grantor in, to and under all of the following described property, assets, rights, interests and privileges whether now owned or hereafter acquired, and wherever located (which, collectively, including all property hereafter specifically subjected to the Lien of this Slot Security Agreement by any instrument supplemental hereto, are referred to herein as the "Collateral"):

(a) its Pledged Slots;

(b) its Pledged Gate Leaseholds; and

(c) all Proceeds of the foregoing;

provided, however, that notwithstanding the foregoing or any other provision of this Slot Security Agreement, (1) if a Transfer Restriction would be applicable to the pledge, grant or creation of a security interest in or mortgage on a Pledged Slot (other than any FAA Slots) or Pledged Gate Leaseholds, then so long as such Transfer Restriction is in effect, this Slot Security Agreement shall not pledge, grant or create any security interest in or mortgage on, and the term "Collateral" shall not include any such asset, right or property, and (2) if any Transfer Restriction applies to the transfer or assignment (other than the pledge, grant or creation of a security interest or mortgage) of any Collateral, any provision of this Slot Security Agreement permitting the Collateral Agent to cause such Grantor to transfer or assign to it or any other Person any of such Collateral (and any right the Collateral Agent may have under applicable law to do so by virtue of the security interest and mortgage pledged or granted to it under this Slot Security Agreement) shall be subject to such Transfer Restriction: provided, however, that following an Event of Default, at the direction of the Collateral Agent, such Grantor shall use commercially reasonable efforts to obtain all approvals and consents that would be required to transfer or assign Collateral subject to such a Transfer Restriction referred to in clause (2) of the preceding proviso. It is the intent of the parties hereto that the Collateral Agent shall have a perfected and first-priority Lien (subject only to Liens permitted by the Loan Documents) on the Pledged Slots and Pledged Gate Leaseholds and that the Collateral Agent shall be entitled to all the rights, priorities and benefits afforded by the UCC as enacted in any relevant jurisdiction to perfected security interests therein.

It is the intent of the parties hereto that the Liens granted pursuant to this Section 2 shall novate and replace the Liens granted pursuant to the 2013 Slot Security Agreement.

Notwithstanding anything herein to the contrary, it is the understanding of the parties hereto that the Liens granted pursuant to this Section 2 shall, prior to the

Discharge of Additional Obligations that are Senior Priority Obligations, be *pari passu* and equal in priority to the Liens granted to any Additional Agent for the benefit of the holders of the applicable Additional Obligations that are Senior Priority Obligations to secure such Additional Obligations that are Senior Priority Obligations pursuant to the applicable Additional Collateral Documents (except as may be separately otherwise agreed between the Collateral Agent, on behalf of itself and the Secured Parties, and any Additional Agent, on behalf of itself and the Additional Credit Facility Secured Parties represented thereby). The Collateral Agent acknowledges and agrees that, in the event that it enters into an Intercreditor Agreement or an Other Intercreditor Agreement, the relative priority of the Liens granted to the Collateral Agent, the Administrative Agent and any Additional Agent shall be determined solely (as between the parties to such Intercreditor Agreement or Other Intercreditor Agreement and except as otherwise provided therein) pursuant to the applicable Intercreditor Agreements and Other Intercreditor Agreements, and not by priority as a matter of law or otherwise. Notwithstanding anything herein to the contrary, the Liens granted to the Collateral Agent pursuant to this Slot Security Agreement and the exercise of any right or remedy by the Collateral Agent hereunder are subject to the provisions of the applicable Intercreditor Agreements and Other Intercreditor Agreements. In the event of any conflict between the terms of any Intercreditor Agreement or any Other Intercreditor Agreement and this Slot Security Agreement, the terms of such Intercreditor Agreement or Other Intercreditor Agreement, as applicable, shall govern and control as among (i) the Collateral Agent and any Additional Agent, in the case of the Intercreditor Agreement, and (ii) the Collateral Agent and any other secured creditor (or agent therefor) party thereto, in the case of any Other Intercreditor Agreement. In the event of any such conflict, the Grantors may act (or omit to act) in accordance with such Intercreditor Agreement or such Other Intercreditor Agreement, as applicable, and shall not be in breach, violation or default of its obligations hereunder by reason of doing so. Notwithstanding any other provision hereof, for so long as any Additional Obligations that are Senior Priority Obligations remain outstanding, any obligation hereunder to deliver, transfer or assign to the Collateral Agent any Collateral shall be satisfied by causing such Collateral to be delivered, transferred or assigned to the applicable Senior Priority Representative to be held in accordance with the Intercreditor Agreement.

Section 3. Security for Obligations. This Slot Security Agreement secures, and the Collateral is collateral security for, the Obligations.

Section 4. No Release. Nothing set forth in this Slot Security Agreement shall relieve any Grantor from the performance of any term, covenant, condition or agreement on such Grantor's part to be performed or observed under or in respect of any of the Collateral or from any liability to any Person under or in respect of any of the Collateral or impose any obligation on the Collateral Agent or any Secured Party to perform or observe any such term, covenant, condition or agreement on such Grantor's part to be so performed or observed or impose any liability on the Collateral Agent or any Secured Party for any act or omission on the part of such Grantor relating thereto or for any breach of any representation or warranty on the part of such Grantor contained in this Slot Security Agreement, or in respect of the Collateral or made in connection herewith or therewith. This Section 4 shall survive the termination of this Slot Security Agreement and the discharge of such Grantor's other obligations hereunder and under the Loan Documents.

Section 5. Representations and Warranties. Each Grantor represents and warrants that as of the date hereof:

(a) Except with respect to Pledged Gate Leaseholds, all filings necessary or reasonably requested by the Collateral Agent to create or perfect the security interests granted by each Grantor to the Collateral Agent for the benefit of the Secured Parties in respect of the Collateral as of the Closing Date have been accomplished by such Grantor. As of the Closing Date, the security interests granted to the Collateral Agent for the benefit of the Secured Parties pursuant to this Slot Security Agreement in and to the Collateral constitute a perfected security interest (except that, in the case of Pledged Gate Leaseholds, such security interest may not be perfected to the extent perfection of such security interest requires the recordation or filing of leasehold mortgages, fixture filings or similar instruments) therein superior and prior to the rights of all other Persons therein (and subject to the Federal Aviation Act and/or the ability of the FAA, the DOT, any Airport Authority or any other Governmental Authority to withdraw or retire Pledged Slots pursuant to the Federal Aviation Act or other applicable law). The Collateral Agent is entitled with respect to such perfected security interest to all the rights, priorities and benefits afforded by the UCC as enacted in any relevant jurisdiction to perfected security interests.

(b) There are no filings, registrations or recordings necessary to create or perfect the security interests granted by such Grantor to the Collateral Agent for the benefit of the Secured Parties in respect of the Collateral under Title 49.

(c) Except for filings in respect of Liens which have been satisfied, such Grantor has not filed or consented to the filing of any financing statement or analogous document under the UCC or any other applicable laws covering its Collateral, which financing statement or analogous document, assignment, security agreement or similar instrument is still in effect.

(d) The Grantor is organized under the laws of the state listed opposite such Grantor's name on Schedule I hereto or on an applicable Slot Security Agreement Supplement and the Grantor is a registered organization located in such state for purposes of Section 9-307 of the NY UCC.

(e) Set forth on Schedule II is a true, correct and complete list of such Grantor's Slots that are included in the Collateral as Pledged Slots as of the Closing Date. Such Grantor holds the Pledged Slots pursuant to authority granted by the applicable Governmental Authorities, and there exists no material violation of the terms, conditions or limitations of any rule, regulation or order of the applicable Governmental Authorities regarding such Pledged Slots or any provisions of law applicable to such Pledged Slots that gives any applicable Governmental Authority the right to terminate, cancel, withdraw or modify in any material respect the rights of such Grantor in any such Pledged Slots; provided, that it is acknowledged that the FAA, the DOT and/or any other

applicable Governmental Authority may have such rights regardless of whether or not any Grantor has complied with or violated such terms, conditions, limitations or provisions and whether or not any such violation was material.

(f) Set forth on Schedule III is a true, correct and complete list of each Grantor's Gate Leaseholds that are included in the Collateral as Pledged Gate Leaseholds as of the Closing Date. Each Grantor is utilizing the Pledged Gate Leaseholds as required by the applicable Governmental Authority or Airport Authority and in a manner consistent with applicable rules, regulations, laws and contracts in order to preserve its right to hold and use such Pledged Gate Leaseholds. No Grantor has received any notice from any Governmental Authority or Airport Authority or is aware of any other event or circumstance that would be reasonably likely to impair the Pledged Gate Leaseholds or the value thereof.

(g) All information set forth herein relating to the Collateral of such Grantor is accurate in all material respects as of the date hereof.

(h) Except for Transfer Restrictions and matters that would not reasonably be expected to result in a Material Adverse Effect, no consent of any other party (including, without limitation, stockholders or creditors of such Grantor), and no consent, authorization, approval, or other action by, and (except in connection with the perfection of the Lien created hereby) no notice to or filing with, any Governmental Authority or other Person is required either (x) for the pledge by such Grantor of the Collateral pursuant to this Slot Security Agreement or for the execution, delivery or performance of this Slot Security Agreement or (y) for the exercise by the Collateral Agent of the rights provided for in this Slot Security Agreement or the remedies in respect of the Collateral pursuant to this Slot Security Agreement (except for matters relating to judicial proceedings), provided, that, (A) the transfer of FAA Slots (including pursuant to an exercise of remedies) may be subject to approval or confirmation by the FAA and, if applicable, other Governmental Authorities and Airport Authorities, and (B) the pledge or transfer of Gate Leaseholds may be subject to the consent of an Airport Authority, relevant aviation authority, airport operator, air carrier or other lessor (it being understood that the grant of the security interests hereunder does not constitute a "transfer" of the relevant asset described in clauses (A) and (B)).

(i) This Slot Security Agreement is made with full recourse to each Grantor and pursuant to and upon all the warranties, representations, covenants and agreements on the part of each Grantor contained herein.

Section 6. Covenants. Each Grantor covenants, as follows:

(a) Such Grantor shall use commercially reasonable efforts to defend the Collateral against any and all claims and demands of all Persons (and subject to the Federal Aviation Act and/or the ability of the FAA, the DOT, any other Governmental Authority or any Airport Authority to withdraw Pledged Slots pursuant to the Federal Aviation Act or other applicable law) at any time claiming any interest therein adverse to the Collateral Agent or any Secured Party (other than Permitted Liens), subject in the

case of any claims or demands of the FAA, the DOT or any other Governmental Authority or Airport Authority, to such Grantor's good faith business judgment as to the extent and nature of any such defense; provided that, for the avoidance of doubt, such Grantor's only obligations with respect to any Transfer Restriction described in the first proviso of Section 2 shall be as stated in the second proviso of Section 2.

(b) Such Grantor shall not execute or authorize to be filed in any public office any financing statement (or similar statement or instrument of registration under the law of any jurisdiction intended to provide notice of a Lien) relating to the Collateral of such Grantor, except financing statements (or similar statements or instruments of registration under the law of any jurisdiction) filed or to be filed in respect of and covering any security interest granted hereby and except with respect to Permitted Liens.

(i) Each Grantor shall give to the Collateral Agent timely notice (but in any event not later than 15 days prior to the expiration of the period of time specified under applicable law to prevent lapse of perfection) of any (a) change in its jurisdiction of incorporation, or (b) change in its name, identity or organizational structure to such an extent that any UCC financing statement filed by the Collateral Agent in connection with this Slot Security Agreement would become materially misleading; and such Grantor shall, in each case, provide such other information in connection therewith as the Collateral Agent may reasonably request and shall take all action reasonably requested by and reasonably satisfactory to the Collateral Agent to maintain the perfection and priority of the security interest of the Collateral Agent on behalf of the Secured Parties in the Collateral intended to be granted hereby.

(c) In order to facilitate a subsequent transfer, if any, of Pledged Slots that are DCA Slots held by the Grantors, each Grantor will, on or prior to the Closing Date, execute a blank, undated transfer document in the form of Exhibit A hereto for such Pledged Slots held by such Grantor as of the Closing Date to be held in escrow by the Collateral Agent until (A) the exercise of remedies by the Collateral Agent under Section 12 hereof or (B) the termination of, or release of any such Pledged Slots from, the Liens of this Slot Security Agreement in accordance with the terms hereof.

Section 7. Supplements, Further Assurances. Each Grantor agrees that at any time and from time to time, at the reasonable expense of such Grantor, such Grantor will promptly execute, acknowledge and deliver all further security documents, instruments, certificates, notices and other documents, and take all further action, in each case, that the Collateral Agent may reasonably request in order to create, perfect, protect, assure and enforce any security interest granted or purported to be granted hereby under the laws of the United States or any state thereof or, after the occurrence and during the continuance of an Event of Default, to enable the Collateral Agent to exercise and enforce its rights and remedies hereunder or under the Loan Documents to which it is a party with respect to any Collateral of such Grantor, provided, however, that no recording or filing of any leasehold mortgage or any interest in real property or fixtures shall be required and no consents shall be required to be obtained from any third party, including any Airport Authority as long as no Event of Default shall have occurred and be continuing.

Section 8. Provisions Concerning the Collateral.

(a) (i) Each Grantor hereby authorizes the Collateral Agent, at any time and from time to time, to prepare, file or record such financing statements which reasonably describe the Collateral and amendments thereto, as may from time to time be required or necessary to grant, continue and maintain a valid, enforceable, first priority security interest (subject only to Liens permitted by the Loan Documents) in the Collateral (other than any real property or fixtures security interest) of such Grantor as provided herein (to the extent such perfection and priority can be obtained by filing a UCC financing statement), all in accordance with the UCC as enacted in any and all relevant jurisdictions or any other relevant law of the United States or any state thereof. Each Grantor shall pay any applicable filing fees and other reasonable out-of-pocket expenses related to the filing of such financing statements and amendments thereto or the expenses for other action taken to perfect the security interest granted hereunder. No Grantor shall be required to seek a memorandum of lease or leasehold mortgage or similar instrument or filing with respect to Pledged Gate Leaseholds.

(ii) The Grantor shall deliver or cause to be delivered once in each calendar year concurrent with the delivery pursuant to Section 5.06(1) of the Credit Agreement of the applicable Appraisal relating to the Pledged Slots, and may from time to time deliver or cause to be delivered, to the Collateral Agent an updated Schedule II to replace the then-existing Schedule II to reflect (1) the release of any Pledged Slots from the security interest granted hereunder in connection with a Disposition permitted under the Credit Agreement and (2) the addition of any Slots as Collateral in accordance with the Credit Agreement; provided that the Grantor shall not be required to deliver or cause to be delivered an updated Schedule II in accordance with this Section 8(a)(ii) if none of the events described in clauses (1) or (2) above that may have occurred affects the information in such Schedule since an updated version of such Schedule was previously delivered in accordance with this Section 8(a)(ii) or pursuant to Section 31 or, if no updated version of such Schedule has yet been delivered in accordance with this Section 8(a)(ii), since the date of this Slot Security Agreement, in each case, such that the Pledged Slots are not reasonably identifiable by reference to Schedule II.

(b) Notwithstanding anything to the contrary herein contained, each Grantor shall be entitled to transfer, sell, lease, trade, exchange or otherwise dispose of its Pledged Slots and Pledged Gate Leaseholds subject to the terms of the Credit Agreement.

Section 9. Collateral Agent Appointed Attorney-in-Fact. Each Grantor hereby appoints the Collateral Agent as such Grantor's attorney-in-fact, with full authority in the place and stead of such Grantor and in the name of such Grantor or otherwise, from time to time in the Collateral Agent's discretion solely upon the occurrence and during the continuation of an Event of Default, and in accordance with and subject to any Intercreditor Agreement and any Other Intercreditor Agreement, to take any action and to execute any instrument which the Collateral Agent may reasonably deem necessary or advisable to accomplish the purposes of this Slot Security Agreement, which appointment as attorney-in-fact is coupled with an interest.

Section 10. Collateral Agent May Perform. If any Grantor fails to perform any agreement contained herein within a reasonable time after receipt of a written request to do so from the Collateral Agent, upon five (5) Business Days prior written notice, the Collateral Agent may itself perform, or cause performance of, such agreement, and the reasonable expenses of the Collateral Agent, including, without limitation, the reasonable fees and out-of-pocket expenses of its counsel, incurred in connection therewith, shall be payable by such Grantor in accordance with Section 10.04 of the Credit Agreement and shall be considered Obligations.

Section 11. The Collateral Agent.

(a) Citicorp North America, Inc., as collateral agent under the 2013 Slot Security Agreement, assigns all of its rights, interests and obligations under the 2013 Slot Security Agreement to the Collateral Agent and the Collateral Agent hereby assumes all such rights, interests and obligations.

(b) It is expressly understood and agreed by the parties hereto, and each Secured Party, by accepting the benefits of this Slot Security Agreement, acknowledges and agrees, that the obligations of the Collateral Agent as holder of the Collateral and interests therein and with respect to the disposition thereof, and otherwise under this Slot Security Agreement, are only those expressly set forth in this Slot Security Agreement. The Collateral Agent shall act hereunder on the terms and conditions set forth in the Credit Agreement. In the event of any express conflict between the terms of this Slot Security Agreement and the terms of the Credit Agreement, the Credit Agreement shall control and govern, provided that this provision shall not be interpreted in any way to affect any rights expressly provided to the Secured Parties under this Slot Security Agreement unless such rights are expressly prohibited or restricted under the Credit Agreement.

Section 12. Events of Default; Remedies.

(a) If any Event of Default shall have occurred and be continuing, then and in every such case, subject to any Intercreditor Agreement or Other Intercreditor Agreement, the Collateral Agent may at any time or from time to time during the continuance of such Event of Default:

(i) Declare the entire right, title and interest of the Grantors in and to the Collateral vested, subject to any requirements imposed by applicable law or by the DOT, the FAA or applicable Governmental Authority and/or Airport Authority, in which event such rights, title and interest shall immediately vest in the Collateral Agent, in which case each Grantor agrees to execute and deliver such deeds of conveyance, assignments and other documents or instruments as shall be reasonably requested by the Collateral Agent in order to effectuate the transfer of such Collateral, together with any other rights of each

Grantor with respect thereto, to any designee or designees selected by the Collateral Agent and approved by all necessary Governmental Authorities and Airport Authorities (provided that if any of the foregoing is not permitted under applicable law or by the DOT, the FAA or applicable Governmental Authority and/or Airport Authority, the Collateral Agent for the benefit of the Secured Parties shall nevertheless continue to have all of each Grantor's right, title and interest in and to all of the proceeds (of any kind) received or to be received by each Grantor upon the transfer or other disposition of such Collateral); it being understood that each Grantor's obligation to deliver such Collateral and such documents and instruments with respect thereto, subject to the aforesaid limitations, is of the essence of this Slot Security Agreement and that, accordingly, upon application to a court of equity having jurisdiction, the Collateral Agent shall be entitled to a decree requiring specific performance by each Grantor of said obligations;

(ii) Sell or otherwise liquidate, or direct the Grantors to sell or otherwise liquidate, any or all of the Collateral or any part thereof, subject to any requirements imposed on such sale or liquidation by the Federal Aviation Act, the FAA, the DOT, any Airport Authority or any other Governmental Authority and take possession of the Proceeds of any such sale or liquidation.

(b) If any Event of Default shall have occurred and be continuing, the Collateral Agent may from time to time exercise in respect of the Collateral, in addition to other rights and remedies provided for herein or otherwise available to it, and to the extent not in violation of applicable law, including Title 14, Title 49 and the DOT or FAA orders, regulations or requirements issued pursuant thereto, and subject to the approval of all necessary Governmental Authorities and Airport Authorities, all the rights and remedies of a secured party on default under the UCC in effect in all relevant jurisdictions at the time of such Event of Default, and the Collateral Agent may also in its sole discretion, without notice except as specified below, sell the Collateral or any part thereof in one or more parcels at public or private sale, at any exchange, broker's board or at any of the Collateral Agent's offices or elsewhere, for cash, on credit or for future delivery, and at such price or prices and upon such other terms as the Collateral Agent may deem commercially reasonable. To the extent not inconsistent with Title 14, Title 49 and the DOT or FAA orders, regulations or requirements issued pursuant thereto, and any additional requirements of the applicable Governmental Authorities and/or Airport Authorities, the Collateral Agent or any other Secured Party may be the purchasers of any or all of the Collateral at any such public sale and shall be entitled, for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Collateral sold at such sale, to use and apply any of the Obligations owed to such Person as a credit on account of the purchase price of any Collateral payable by such Person at such sale. Each purchaser at any such sale shall acquire the property sold absolutely free from any claim or right on the part of any Grantor, and any Grantor hereby waives, to the fullest extent permitted by law, all rights of redemption, stay or appraisal which it now has or may at any time in the future have under any rule of law or statute now existing or hereafter enacted. Each Grantor agrees that, to the extent notice of sale shall be required by law, at least ten (10) days' notice to any Grantor of the

time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. The Collateral Agent shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. The Collateral Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned. Each Grantor hereby waives, to the fullest extent permitted by law, any claims against the Collateral Agent arising by reason of the fact that the price at which any Collateral may have been sold at such a private sale was less than the price which might have been obtained at a public sale.

(c) Except as otherwise provided herein, each Grantor hereby waives, to the fullest extent permitted by applicable law, notice or judicial hearing in connection with the Collateral Agent's taking possession or the Collateral Agent's disposition of any of the Collateral, including, without limitation, any and all prior notice and hearing for any prejudgment remedy or remedies and any such right which such Grantor would otherwise have under law, and each Grantor hereby further waives to the fullest extent permitted by applicable law: (i) all damages occasioned by such taking of possession; (ii) all other requirements as to the time, place and terms of sale or other requirements with respect to the enforcement of the Collateral Agent's rights hereunder; and (iii) all rights of redemption, appraisement, valuation, stay, extension or moratorium now or hereafter in force under any applicable law. Any sale of, or the grant of options to purchase, or any other realization upon, any Collateral shall operate to divest all right, title, interest, claim and demand, either at law or in equity, of Grantors therein and thereto, and shall be a perpetual bar both at law and in equity against each Grantor and against any and all Persons claiming or attempting to claim the Collateral so sold, optioned or realized upon, or any part thereof, from, through and under each Grantor.

(i) In connection with any foreclosure, collection, sale or other enforcement of Liens granted to the Collateral Agent in this Slot Security Agreement, each Grantor will cooperate in good faith with the Collateral Agent or its designee in obtaining all regulatory licenses, consents and other governmental approvals necessary or (in the opinion of the Collateral Agent or its designee) desirable to conduct all aviation operations with respect to the Collateral and will, at the request of the Collateral Agent and in good faith, continue to operate and manage the Collateral and maintain all applicable regulatory licenses with respect to the Collateral until such time as the Collateral Agent or its designee obtain such licenses, consents and approvals, and at such time such Grantor will cooperate in good faith with the transition of the aviation operations with respect to the Collateral to any new aviation operator (including, without limitation, the Collateral Agent or its designee).

Section 13. Application of Proceeds. Subject to the terms of the Credit Agreement and each applicable Intercreditor Agreement and Other Intercreditor Agreement:

(a) Any cash held by or on behalf of the Collateral Agent and all cash Proceeds received by or on behalf of the Collateral Agent in respect of any sale of,

collection from, or other realization upon all or any part of the Collateral pursuant to the exercise by the Collateral Agent of its remedies as a secured party pursuant to Section 12 of this Slot Security Agreement shall be promptly transferred by the Collateral Agent to the Administrative Agent in accordance with the payment instructions specified in Section 2.17(a) of the Credit Agreement for application in accordance with the priority of payments set forth in Section 2.17(b) thereof. Any surplus of such cash or cash Proceeds held by the Administrative Agent and remaining after payment in full of the Obligations shall be paid over to the applicable Grantor or to whomever may be lawfully entitled to receive such surplus.

(b) It is understood that the Grantor shall remain liable to the extent of any deficiency between the amount of the proceeds of the Collateral and the aggregate amount of the outstanding Obligations.

Section 14. No Waiver; Discontinuance of Proceeding.

(a) Each and every right, power and remedy hereby specifically given to the Collateral Agent or otherwise in this Slot Security Agreement shall be cumulative and shall be in addition to every other right, power and remedy specifically given under this Slot Security Agreement or the other Loan Documents now or hereafter existing at law, in equity or by statute and each and every right, power and remedy whether specifically herein given or otherwise existing may be exercised from time to time or simultaneously and as often and in such order as may be deemed expedient by the Collateral Agent. All such rights, powers and remedies shall be cumulative and the exercise or the beginning of the exercise of one shall not be deemed a waiver of the right to exercise any other or others. No delay or omission of the Collateral Agent in the exercise of any such right, power or remedy and no renewal or extension of any of the Obligations shall impair any such right, power or remedy or shall be construed to be a waiver of any Default or Event of Default or an acquiescence therein. No notice to or demand on the Grantors in any case shall entitle them to any other or further notice or demand in similar or other circumstances or constitute a waiver of any of the rights of the Collateral Agent to any other or further action in any circumstances without notice or demand. In the event that the Collateral Agent shall bring any suit to enforce any of its rights hereunder and shall be entitled to judgment, then in such suit the Collateral Agent may recover reasonable expenses, including reasonable attorneys' fees and expenses, and the amounts thereof shall be included in such judgment.

(b) In the event the Collateral Agent shall have instituted any proceeding to enforce any right, power or remedy under this Slot Security Agreement by foreclosure, sale, entry or otherwise, and such proceeding shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Collateral Agent, then and in every such case each Grantor, the Collateral Agent and each holder of any of the Obligations shall to the extent permitted by applicable law be restored to its respective former positions and rights hereunder with respect to the Collateral, and all rights, remedies and powers of the Collateral Agent and the Secured Parties shall continue as if no such proceeding had been instituted.

Section 15. Non-Lender Secured Parties.

(a) The Non-Lender Secured Parties shall not have any right whatsoever to do any of the following: (A) exercise any rights or remedies with respect to the Collateral or to direct the Collateral Agent to do the same, including, without limitation, the right to (1) enforce any Liens or sell or otherwise foreclose on any portion of the Collateral, (2) request any action, institute any proceedings, exercise any voting rights, give any instructions, make any election or make collections with respect to all or any portion of the Collateral or (3) release any Grantor under this Slot Security Agreement or release any Collateral from the Liens of any Collateral Document or consent to or otherwise approve any such release; (B) demand, accept or obtain any Lien on any Collateral (except for Liens arising under, and subject to the terms of, this Slot Security Agreement); (C) vote in any Bankruptcy Case or similar proceeding in respect of Parent or any of its Subsidiaries (any such proceeding, for purposes of this clause (a), a "Bankruptcy") with respect to, or take any other actions concerning the Collateral; (D) receive any proceeds from any sale, transfer or other disposition of any of the Collateral (except in accordance with this Slot Security Agreement); (E) oppose any sale, transfer or other disposition of the Collateral; (F) object to any debtor-in-possession financing in any Bankruptcy which is provided by one or more Lenders among others (including on a priming basis under Section 364(d) of the Bankruptcy Code); (G) object to the use of cash collateral in respect of the Collateral in any Bankruptcy; or (H) seek, or object to the Lenders, the Administrative Agent or the Collateral Agent seeking on an equal and ratable basis, any adequate protection or relief from the automatic stay with respect to the Collateral in any Bankruptcy.

(b) Each Non-Lender Secured Party, by its acceptance of the benefits of this Slot Security Agreement and the other Collateral Documents, agrees that in exercising rights and remedies with respect to the Collateral, the Collateral Agent and the Lenders, with the consent of the Collateral Agent, may enforce the provisions of the Collateral Documents and exercise remedies thereunder and under any other Loan Documents (or refrain from enforcing rights and exercising remedies), all in such order and in such manner as they may determine in the exercise of their sole business judgment and subject to the terms of any Intercreditor Agreement and any Other Intercreditor Agreement. Such exercise and enforcement shall include, without limitation, the rights to collect, sell, dispose of or otherwise realize upon all or any part of the Collateral, to incur expenses in connection with such collection, sale, disposition or other realization and to exercise all the rights and remedies of a secured lender under the UCC. The Non-Lender Secured Parties by their acceptance of the benefits of this Slot Security Agreement and the other Collateral Documents hereby agree not to contest or otherwise challenge any such collection, sale, disposition or other realization of or upon all or any of the Collateral. Whether or not a Bankruptcy Case has been commenced, the Non-Lender Secured Parties shall be deemed to have consented to any sale or other disposition of any property, business or assets of Parent or any of its Subsidiaries and the release of any or all of the Collateral from the Liens of any Collateral Document in connection therewith.

(c) Notwithstanding any provision of this Section 15, the Non-Lender Secured Parties shall be entitled, subject to any Intercreditor Agreement and any Other

Intercreditor Agreement, to file any necessary responsive or defensive pleadings in opposition to any motion, claim, adversary proceeding or other pleadings (A) in order to prevent any Person from seeking to foreclose on the Collateral or supersede the Non-Lender Secured Parties' claim thereto or (B) in opposition to any motion, claim, adversary proceeding or other pleading made by any Person objecting to or otherwise seeking the disallowance of the claims of the Non-Lender Secured Parties. Each Non-Lender Secured Party, by its acceptance of the benefits of this Slot Security Agreement, agrees to be bound by and to comply with any Intercreditor Agreement and any Other Intercreditor Agreement and authorizes the Collateral Agent to enter into the Intercreditor Agreements and Other Intercreditor Agreements on its behalf.

(d) Each Non-Lender Secured Party, by its acceptance of the benefits of this Slot Security Agreement, agrees that the Collateral Agent and the Lenders may deal with the Collateral, including any exchange, taking or release of Collateral, may change or increase the amount of the Obligations, and may release any Grantor from its Obligations hereunder, all without any liability or obligation (except as may be otherwise expressly provided herein) to the Non-Lender Secured Parties.

(e) Each Non-Lender Secured Party, by its acceptance of the benefits of this Slot Security Agreement and the other Collateral Documents, shall be deemed irrevocably to make, constitute and appoint the Collateral Agent, as agent under the Credit Agreement (and all officers, employees or agents designated by the Collateral Agent) as such Person's true and lawful agent and attorney-in-fact, and in such capacity, the Collateral Agent shall have the right, with power of substitution for the Non-Lender Secured Parties and in each such Person's name or otherwise, to effectuate any sale, transfer or other disposition of the Collateral. It is understood and agreed that the appointment of the Collateral Agent as the agent and attorney-in-fact of the Non-Lender Secured Parties for the purposes set forth herein is coupled with an interest and is irrevocable. It is understood and agreed that the Collateral Agent has appointed the Administrative Agent as its agent for purposes of perfecting certain of the security interests created hereunder and for otherwise carrying out certain of its obligations hereunder.

(f) To the maximum extent permitted by law, each Non-Lender Secured Party waives any claim it might have against the Collateral Agent or the Lenders with respect to, or arising out of, any action or failure to act or any error of judgment, negligence, or mistake or oversight whatsoever on the part of the Collateral Agent or the Lenders or their respective directors, officers, employees or agents with respect to any exercise of rights or remedies under the Loan Documents or any transaction relating to the Collateral (including, without limitation, any such exercise described in Section 15(b)), except for any such action or failure to act that constitutes willful misconduct or gross negligence of such Person. To the maximum extent permitted by applicable law, none of the Collateral Agent or any Lender or any of their respective directors, officers, employees or agents shall be liable for failure to demand, collect or realize upon any of the Collateral or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any Collateral upon the request of Parent, any Subsidiary of Parent, any Non-Lender Secured Party or any other Person or to take any other action or forbear

from doing so whatsoever with regard to the Collateral or any part thereof, except for any such action or failure to act that constitutes willful misconduct or gross negligence of such Person.

Section 16. Amendments, Etc. This Slot Security Agreement may not be amended, modified or waived except with the written consent of each Grantor and the Collateral Agent (acting pursuant to and in accordance with the terms of Section 10.08 of the Credit Agreement). Any amendment, modification or supplement of or to any provision of this Slot Security Agreement, any termination or waiver of any provision of this Slot Security Agreement and any consent to any departure by any Grantor from the terms of any provision of this Slot Security Agreement shall be effective only in the specific instance and for the specific purpose for which made or given. For the avoidance of doubt, it is understood and agreed that any amendment, amendment and restatement, waiver, supplement or other modification of or to any Intercreditor Agreement or any Other Intercreditor Agreement that would have the effect, directly or indirectly, through any reference herein to any Intercreditor Agreement or any Other Intercreditor Agreement or otherwise, of waiving, amending, supplementing or otherwise modifying this Slot Security Agreement, or any term or provision hereof, or any right or obligation of any Grantor hereunder or in respect hereof, shall not be given such effect except pursuant to a written instrument executed by such Grantor and the Collateral Agent in accordance with this Section 16. Notwithstanding the foregoing, the Grantors may cause the Schedules hereto to be amended, supplemented or otherwise modified without the consent of any Person in order to (i) evidence the addition of Collateral pursuant to Section 31 or the release of Collateral pursuant to Section 17, or (ii) otherwise evidence the release or addition of Collateral in accordance with this Slot Security Agreement and the Credit Agreement.

Section 17. Termination; Release.

(a) At such time as the Obligations (other than any contingent indemnification Obligations for which no demand has been made and any Obligations owing to a Non-Lender Secured Party) then due and owing shall have been paid in full, the Commitments under the Credit Agreement have been terminated and no Letters of Credit shall be outstanding (except for Letters of Credit that have been cash collateralized or otherwise provided for in a manner reasonably satisfactory to the Administrative Agent), all Collateral shall be automatically released from the Liens created hereby, and this Slot Security Agreement and all obligations (other than those expressly stated to survive such termination) of the Collateral Agent and each Grantor shall automatically terminate, all without delivery of any instrument or performance of any act by any party, and all rights to the Collateral shall revert to the applicable Grantor. At the request and sole expense of any Grantor following any such termination, the Collateral Agent shall promptly execute, acknowledge and deliver to such Grantor such releases, instruments or other documents (including without limitation UCC termination statements), and do or cause to be done all other acts, as such Grantor shall reasonably request to evidence such termination.

(b) Upon any Permitted Disposition of Collateral (whether by way of the sale of assets or the sale of Capital Stock of a Grantor of Collateral) of the type described in items (1), (2) (provided the requirements set forth in the first proviso to such section are satisfied), (4) and (5) of the definition of "Permitted Disposition" or any other type of Permitted Disposition involving divestiture of any Grantor's title to the related Collateral under the Credit Agreement, the Lien pursuant to this Slot Security Agreement on such sold or disposed of Collateral shall be automatically released. In connection with any other Disposition of Collateral not covered by the preceding sentence (whether by way of the sale of assets or the sale of Capital Stock of a Grantor of such Collateral) permitted under the Credit Agreement, the Collateral Agent shall, upon receipt from such Grantor of a written request for the release of the Collateral subject to such sale or other disposition (or in the case of a sale of Capital Stock of such Grantor, the release of such Grantor's Collateral), at such Grantor's sole cost and expense, promptly execute, acknowledge and deliver to such Grantor such releases, instruments or other documents (including without limitation UCC termination statements and any amendment or modification of this Slot Security Agreement pursuant to a Slot Security Supplement or otherwise), and do or cause to be done all other acts, as such Grantor shall reasonably request to evidence or effect the release of the Liens created hereby (if any) on such Collateral.

(c) If the Borrower or any other Grantor requests release documentation with respect to any Collateral released as provided in this Section 17, including without limitation UCC termination statements, any amendment or modification of this Slot Security Agreement pursuant to a Slot Security Supplement or otherwise, or other release-related documentation, the Borrower or other Grantor requesting such documentation shall deliver to the Collateral Agent an Officer's Certificate stating that the release of such Grantor's respective Collateral that is to be evidenced by such UCC termination statements or other instruments is permitted pursuant to this Section 17 and the relevant provisions of the Credit Agreement (provided that an Officer's Certificate delivered to the Collateral Agent pursuant to Section 6.09(c) of the Credit Agreement shall be deemed to satisfy the requirements of this clause (c)). The Collateral Agent shall have no liability whatsoever to any Secured Party as the result of any release of Collateral by it as permitted by this Section 17.

(d) Upon the release of any Grantor from its guarantee of the Obligations pursuant to Section 9.05 (a) or (b) of the Credit Agreement, such Grantor shall cease to be a Grantor hereunder and the items of Collateral owned by such Grantor shall be released from the Lien and security interest granted hereby, and in connection therewith, the Collateral Agent will, at the applicable Grantor's sole expense and cost, promptly execute, acknowledge and deliver to such Grantor such releases, instruments or other documents (including without limitation UCC termination statements and any amendment or modification of this Slot Security Agreement pursuant to a Slot Security Supplement or otherwise), and do or cause to be done all other acts, as such Grantor shall reasonably request to evidence or effect the release of the Liens created hereby (if any) on such Collateral.

Section 18. No Legal Title to Collateral in Secured Party. No Secured Party shall have legal title to any part of the Collateral. No transfer, by operation of law or otherwise, of any portion of the Loan or other right, title and interest of a Secured Party in and to the Collateral or this Slot Security Agreement shall operate to terminate this Slot Security Agreement or entitle any successor or transferee of such Secured Party to an accounting or to the transfer to it of legal title to any part of the Collateral.

Section 19. Sale of Collateral by Collateral Agent is Binding. Any sale or other conveyance of any item of Collateral or any interest therein by the Collateral Agent made pursuant to the terms of this Slot Security Agreement, the Credit Agreement and each applicable Intercreditor Agreement and Other Intercreditor Agreement, shall bind the Secured Parties and the Grantor, and shall be effective to transfer or convey all right, title and interest of the Collateral Agent, the Grantor, and the Secured Parties in and to any such item of Collateral or any interest therein. No purchaser or other grantee shall be required to inquire as to the authorization, necessity, expediency or regularity of such sale or conveyance or as to the application of any sale or other Proceeds with respect thereto by the Collateral Agent.

Section 20. Benefit of Security Agreement. Nothing in this Slot Security Agreement, whether express or implied, shall be construed to give to any Person other than the Grantor, the Collateral Agent and the Secured Parties any legal or equitable right, remedy or claim under or in respect of this Slot Security Agreement.

Section 21. Notices. Except as otherwise specified herein, all notices required or permitted to be given under this Slot Security Agreement shall be in conformance with and subject to the terms of Section 10.01 of the Credit Agreement. All such notices shall be delivered to the respective addresses for the Grantors and the Collateral Agent set forth in the Credit Agreement.

Section 22. Successors and Assigns. This Slot Security Agreement shall be binding upon each Grantor and its successors and assigns and shall inure to the benefit of the Collateral Agent and each Secured Party and their respective successors and assigns; provided that no Grantor may transfer or assign any or all of its rights or obligations hereunder without the prior written consent of the Collateral Agent. Without limiting the generality of the foregoing and subject to the provisions of the applicable Loan Documents (including any Intercreditor Agreement and any Other Intercreditor Agreement), any Secured Party may assign or otherwise transfer any indebtedness held by it secured by this Slot Security Agreement to any other Person, and following such assignment or transfer, the Collateral Agent shall hold the security interest and mortgage of this Slot Security Agreement for the benefit of such other Person, subject, however, to the provisions of the applicable Loan Documents (including any Intercreditor Agreement and any Other Intercreditor Agreement).

All agreements, statements, representations and warranties made by a Grantor herein or in any certificate or other instrument delivered by such Grantor or on its behalf under this Security Agreement shall be considered to have been relied upon by the

Secured Parties and shall survive the execution and delivery of this Slot Security Agreement and the other Loan Documents regardless of any investigation made by the Secured Parties or on their behalf.

Section 23. Governing Law. THIS SLOT SECURITY AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HERETO SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK. THE PROVISIONS OF SECTIONS 10.05 AND 10.15 OF THE CREDIT AGREEMENT ARE INCORPORATED HEREIN *MUTATIS MUTANDIS*, AS IF FULLY SET FORTH HEREIN.

Section 24. Security Interest Absolute. The obligations of the Grantor hereunder shall remain in full force and effect without regard to, and shall not be impaired by (a) any bankruptcy, insolvency, reorganization, arrangement, readjustment, composition, liquidation or the like of the Grantor, except to the extent that the enforceability thereof may be limited by any such event; (b) any exercise or non-exercise, or any waiver of any right, remedy, power or privilege under or in respect of this Slot Security Agreement or any other Loan Documents, except as specifically set forth in a waiver granted pursuant to Section 16; (c) any amendment to or modification of any Loan Document or any security for any of the Obligations, whether or not the Grantor shall have notice or knowledge of any of the foregoing, except as specifically set forth in an amendment or modification executed pursuant to Section 16; (d) any lack of validity or enforceability of the Lien(s) created hereunder; or (e) any other circumstances which might otherwise constitute a defense available to, or a discharge of, the Grantor (other than payment or performance in accordance with the terms of the Loan Documents).

Section 25. Severability of Provisions. Any provision of this Slot Security Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

Section 26. Headings. Section headings used in this Slot Security Agreement are for convenience of reference only and shall not affect the construction of this Slot Security Agreement.

Section 27. Execution in Counterparts. This Slot Security Agreement may be executed in any number of counterparts, each of which counterparts, when so executed and delivered, shall be deemed to be an original, and all of which counterparts, taken together, shall constitute one and the same Slot Security Agreement. A set of the counterparts executed by all the parties hereto shall be lodged with the Grantor and the Collateral Agent. Delivery of an executed counterpart of a signature page of this Slot Security Agreement by facsimile or electronic .pdf copy shall be effective as delivery of a manually executed counterpart of this Slot Security Agreement.

Section 28. Survival of Representations and Warranties, etc. All representations and warranties made by each Grantor herein or in any certificate or other instrument delivered by each Grantor or on its behalf under this Slot Security Agreement shall be considered to have been relied upon by the Secured Parties and shall survive the execution and delivery of this Slot Security Agreement and the other Loan Documents.

Section 29. Conflicts with other Loan Documents. Unless otherwise expressly provided in this Slot Security Agreement, if any provision contained in this Slot Security Agreement conflicts with any provision of any other Loan Document, the provision contained in this Slot Security Agreement shall govern and control, except to the extent of a conflict with the Credit Agreement, in which case the Credit Agreement shall control; provided, that the inclusion of supplemental rights or remedies in favor of the Collateral Agent or the Lenders in any other Loan Document shall not be deemed a conflict with this Slot Security Agreement.

Section 30. Additional Grantors. If, at the option of the Borrower or as required pursuant to Section 5.09(a) of the Credit Agreement, the Borrower shall cause any Affiliate that is not a Grantor to become a Grantor hereunder (each such Affiliate, an "Additional Grantor"), such Affiliate shall execute and deliver to the Collateral Agent a Joinder Agreement substantially in the form of Exhibit B and shall thereafter for all purposes be a party hereto and have the same rights, benefits and obligations as a Grantor party hereto on the Closing Date, it being understood that Section 2 shall apply to, and the representations and warranties contained in Section 5 shall be made by, such Affiliate only after such Affiliate executes and delivers to the Collateral Agent a Joinder Agreement.

Section 31. Additional Collateral. Any Grantor may elect at any time, without the consent of the Collateral Agent or any Lender, to subject to the Lien of this Slot Security Agreement any Additional Pledged Slots or Additional Pledged Gate Leaseholds subject to the delivery of the following documents, satisfaction of the following conditions precedent, and at no cost to the Collateral Agent or any Secured Party:

(a) an Slot Security Supplement substantially in the form of Exhibit C hereto duly executed by such Grantor, which the Collateral Agent hereby agrees to countersign, (A) identifying, as applicable, the Additional Pledged Slots or Additional Pledged Gate Leaseholds and (B) amending or supplementing Schedules II through IV to the extent necessary to describe any such Additional Pledged Slots or Additional Pledged Gate Leaseholds, as applicable, or otherwise amending or supplementing such schedules to the extent necessary to give effect to this Section 31; and

(b) financing statements or amendments to financing statements describing such Additional Pledged Slots or Additional Pledged Gate Leaseholds, as applicable.

For all purposes hereof, upon the attachment of the Lien of this Slot Security Agreement thereto, the Additional Pledged Slots or Additional Pledged Gate Leaseholds, if any, shall become part of the Collateral, all such Additional Pledged Slots shall be deemed "Pledged Slots" as defined herein and all such Additional Pledged Gate Leaseholds shall be deemed "Pledged Gate Leaseholds" as defined herein.

[SIGNATURE PAGES TO FOLLOW]

IN WITNESS WHEREOF, each Grantor and the Collateral Agent each has caused this Amended and Restated Slot Security Agreement to be duly executed and delivered by its officer thereunto duly authorized as of the date first above written.

AMERICAN AIRLINES, INC.

By: _____
Name:
Title:

ACCEPTED AND AGREED
as of the date first above written:

CITIBANK, N.A.,
as Collateral Agent

By: _____
Name:
Title:

CITICORP NORTH AMERICA, INC.
solely for purposes of the assignment set forth in Section 11

By: _____
Name:
Title:

APPENDIX A

DEFINITIONS RELATING TO THE SLOT SECURITY AGREEMENT

"2013 Slot Security Agreement" has the meaning provided in the preamble hereto.

"Additional Agent" has the meaning specified in the Intercreditor Agreement.

"Additional Collateral Documents" has the meaning provided in the Intercreditor Agreement.

"Additional Credit Facility Secured Parties" has the meaning provided in the Intercreditor Agreement.

"Additional Grantor" has the meaning specified in Section 30 hereof.

"Additional Obligations" has the meaning provided in the Intercreditor Agreement.

"Additional Pledged Gate Leaseholds" means any Gate Leasehold that is the property of any Grantor and is described in any Slot Security Supplement.

"Additional Pledged Slots" means any Slot that is the property of any Grantor and described in any Slot Security Supplement.

"Administrative Agent" has the meaning provided in the recitals hereto.

"Banking Product Provider" means any Person that has entered into a Designated Banking Product Agreement with Parent or the Grantor.

"Bankruptcy Case" means (a) pursuant to or within the meaning of Bankruptcy Law, (i) a voluntary case commenced by Parent or any of its Subsidiaries, (ii) an involuntary case in which Parent or any of its Subsidiaries consent to the entry of an order for relief against it, (iii) an appointment consented to by Parent or any of its Subsidiaries of a custodian of it or for all or substantially all of its property, (iv) the making of a general assignment for the benefit of its creditors by Parent or any of its Subsidiaries or (v) the admission in writing of Parent's or any of its Subsidiaries' inability generally to pay its debts or (b) an order or decree under any Bankruptcy Law entered by a court of competent jurisdiction that (i) is for relief against Parent or any of its Subsidiaries in an involuntary case, (ii) appoints a custodian of Parent or any of its Subsidiaries for all or substantially all of the property of Parent or any of its Subsidiaries, (iii) orders the liquidation of Parent or any of its Subsidiaries, and in each case of this clause (b) the order or decree remains unstayed and in effect for 60 consecutive days.

"Borrower" has the meaning provided in the preamble hereto.

"Collateral" has the meaning provided in Section 2 hereof.

"Credit Agreement" has the meaning set forth in the recitals hereto.

"Discharge of Additional Obligations" has the meaning provided in the Intercreditor Agreement.

"Federal Aviation Act" means Title 49 which, among other things, recodified and replaced the U.S. Federal Aviation Act of 1958 and the regulations promulgated thereunder, or any subsequent legislation that amends, supplements or supersedes such provisions.

"Grantors" has the meaning provided in the preamble hereto.

"Hedging Provider" means any Person that has entered into a Designated Hedging Agreement with Parent or the Grantor.

"Lenders" has the meaning set forth in the recitals hereto.

"NY UCC" means the Uniform Commercial Code as in effect on the date hereof in the State of New York.

"Non-Lender Secured Parties" means, collectively, all Banking Product Providers and Hedging Providers and their respective successors, assigns and transferees. For the avoidance of doubt, "Non-Lender Secured Parties" shall exclude Banking Product Providers and Hedging Providers in their capacities as Lenders, if applicable.

"Pledged Gate Leaseholds" means any Gate Leasehold that is property of any Grantor as set forth in Schedule III and thereafter all Additional Pledged Gate Leaseholds, excluding any Gate Leasehold that has been released from the security interest granted hereunder in accordance with the terms of the Loan Documents.

"Pledged Historical Rights" means, at any time with respect to any applicable Pledged Slot, any rights of a Grantor to be granted at any future time any Slot at Newark Liberty International Airport, LaGuardia Airport, Ronald Reagan Washington National Airport, John F. Kennedy International Airport or, in the case of Foreign Slots, other non-U.S. airport, arising because of such Grantor's rights in such Pledged Slot at such airport that is a replacement or a substitution for such Pledged Slot, whether pursuant to FAA or DOT regulations or orders pursuant to Title 14, Title 49 or other federal statutes (or, in the case of Foreign Slots, applicable non-U.S. law) now or hereinafter in effect.

"Pledged Slots" means any Slots that are property of any Grantor and set forth in Schedule II and thereafter all Additional Pledged Slots and, in each case, the Pledged Historical Rights relating thereto, excluding any such Slot that has been released from the security interest granted hereunder in accordance with the terms of the Loan Documents.

"Proceeds" has the meaning assigned to that term under the UCC as in effect in any relevant jurisdiction or under other relevant law and, in any event, shall include, but not be limited to, any and all (i) proceeds of any insurance, indemnity, warranty or guarantee payable to the Collateral Agent or to the Grantor or any Affiliate of the Grantor from time to time with respect to physical damage to any of the Collateral, (ii) payments (in any form whatsoever), made or due and payable to the Grantor from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of all or any part of the Collateral by any Governmental Authority (or any Person acting under color of Governmental Authority) and (iii) instruments representing obligations to pay amounts in respect of the Collateral.

"Senior Priority Obligations" has the meaning provided in the Intercreditor Agreement.

"Senior Priority Representative" has the meaning provided in the Intercreditor Agreement.

"Slot" means each FAA Slot and each Foreign Slot or any of them.

"Slot Regulations" means 49 U.S.C. § 40103 and 14 C.F.R. §§ 93.211 – 93.227 or 77 Fed. Reg. 30585, and any amendment, supplement or other modification thereto, or successor, replacement or substitute federal law or regulation, or any foreign law or regulation, as applicable, concerning the right or operational authority to conduct landing or takeoff operations at any airports.

"Slot Security Agreement" has the meaning provided in the preamble hereto.

"Slot Security Supplement" means a supplement to this Slot Security Agreement substantially in the form of Exhibit C hereto, completed and supplemented with the schedules and attachments contemplated thereby, and duly executed by a Responsible Officer of the Grantor or an Additional Grantor, as applicable.

EXHIBIT A

Office of Slot Administration
Office of Chief Counsel - Slot Transfers
Federal Aviation Administration
800 Independence Avenue, S.W.
Washington, D.C. 20591

Re: Request for Confirmation of Slot Transfers

Dear Sirs/Madams:

Please be advised that, pursuant to 14 C.F.R. § 93.221(a), American Airlines, Inc. (the "**Airline**" or "**Transferor**") intends to transfer all rights, interests, and privileges pertaining to the slots listed on the attached Schedule A (attached hereto) to the undersigned recipient. The slots involved in the transaction (i) are not international slots for purposes of Subpart S of Title 14, (ii) have not been provided to the Grantor pursuant to Section 93.219 of Subpart S of Title 14 for essential air service, (iii) are not slot exemptions under AIR-21 and (iv) are not otherwise non-transferable pursuant to Subpart S of Title 14. This slot transfer is permanent.

This letter serves as written evidence of the Airline's and the undersigned recipient's consent to the transfer of the above-referenced slots — said transfer to be effective as of the date upon which the undersigned recipient signs this letter, subject to confirmation by the FAA. Upon confirmation by the FAA, the undersigned recipient will become the holder of record of the above-described slots.

Please confirm the transfer of the above-described slots by stamping and signing the acknowledgement copy of this letter and returning it to the undersigned by facsimile and by mail as indicated below the signature block.

Sincerely,

RECIPIENT:	TRANSFEROR: AMERICAN AIRLINES, INC.
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Address: _____	Address: _____
_____	_____
_____	_____
_____	_____
Fax: _____	Fax: _____
Tel: _____	Tel: _____

CONFIRMED BY: _____
[FAA Name, Date]

EXHIBIT B

FORM OF JOINDER AGREEMENT

This JOINDER AGREEMENT, dated as of , 20 , is delivered pursuant to Section 30 of the Slot Security Agreement, dated as of December 15, 2016 (as may be amended, restated, amended and restated, supplemented and/or otherwise modified from time to time, the "Slot Security Agreement"), between American Airlines, Inc. as Grantor, in favor of Citibank, N.A., as administrative agent and collateral agent for the Secured Parties referred to therein. Capitalized terms used herein without definition are used as defined in the Slot Security Agreement.

By executing and delivering this Joinder Agreement, the undersigned, as provided in Section 30 of the Slot Security Agreement, hereby becomes a party to the Slot Security Agreement as a Grantor thereunder with the same force and effect as if originally named as a Grantor therein and, without limiting the generality of the foregoing, as collateral security for the prompt and complete payment and performance when due (whether at stated maturity, by acceleration or otherwise) of the Obligations of the undersigned, hereby grants, bargains, sells, assigns, transfers, conveys, mortgages, and pledges to the Collateral Agent for the benefit of the Secured Parties, and grants to the Collateral Agent for the benefit of the Secured Parties a lien on and security interest in, all of its right, title and interest in, to and under the Collateral of the undersigned and expressly assumes all obligations and liabilities of a Grantor thereunder. The undersigned hereby agrees to be bound as a Grantor for the purposes of the Slot Security Agreement.

The information set forth in the schedules to this Joinder Agreement is hereby added to the information set forth in Schedules I through IV of the Slot Security Agreement. By acknowledging and agreeing to this Joinder Agreement, the undersigned hereby agrees that this Joinder Agreement may be attached to the Slot Security Agreement and that the Collateral listed on the schedule to this Joinder Amendment shall be and become part of the Collateral referred to in the Slot Security Agreement and shall secure all Obligations of the undersigned.

The undersigned hereby represents and warrants that each of the representations and warranties contained in Section 5 of the Slot Security Agreement applicable to it is true and correct on and as the date hereof as if made on and as of such date. In addition, the undersigned hereby represents and warrants that as of the date hereof:

(i) such Grantor has the requisite corporate or limited liability company power and authority under the laws of the jurisdiction of its organization to create the Liens on the Collateral purported to be pledged by it under this Slot Security Agreement;

(ii) if such Grantor owns or operates Aircraft Related Equipment (of the type described in section 1110 of the Bankruptcy Code or any analogous successive provision of the Bankruptcy Code), it is (a) is an "air carrier" within the meaning of Section 40102 of Title 49, and holds or co-holds a certificate under Section 41102 of

Title 49, (b) holds or co-holds an air carrier operating certificate issued pursuant to Chapter 447 of Title 49, (c) is a "citizen of the United States" as defined in Section 40102(a)(15) of Title 49 and as that statutory provision has been interpreted by the DOT pursuant to its policies (a "United States Citizen"), and (d) possesses or co-possesses all necessary certificates, franchises, licenses, permits, rights, designations, authorizations, exemptions, concessions, frequencies and consents of the FAA or the DOT which are required for the operation of the routes flown by it and the conduct of its business and operations as currently conducted except where failure to so possess or co- possess would not, in the aggregate, have a Material Adverse Effect; and

(iii) such Grantor is, and as to Collateral acquired by it from time to time after the date hereof such Grantor will be, the holder of all Collateral free from any Lien except for Permitted Liens.

IN WITNESS WHEREOF, the undersigned has caused this Joinder Agreement to be duly executed and delivered as of the date first above written.

[ADDITIONAL GRANTOR]

By: _____
Name:
Title:

EXHIBIT C

SUPPLEMENT NO. TO SLOT SECURITY AGREEMENT

SUPPLEMENT NO. , dated as of , 20 (this "Slot Security Supplement"), to the Slot Security Agreement, dated as of December 15, 2016 (as the same may be amended, restated supplemented or otherwise modified from time to time, the "Slot Security Agreement") among AMERICAN AIRLINES, INC., a Delaware corporation (together with its successors and assigns, the "Borrower"), certain Affiliates (and their respective successors and assigns) of the Borrower from time to time party thereto pursuant to Section 30 thereof (together with the Borrower, the "Grantors"), and CITIBANK, N.A., as administrative agent and collateral agent for the Secured Parties (as hereinafter defined) (together with its successors and assigns, the "Collateral Agent").

A. Capitalized terms used herein and not otherwise defined herein (including terms used in the preamble and the recitals) shall have the meanings assigned to such terms in the Slot Security Agreement;

B. The rules of construction and other interpretive provisions specified in the Slot Security Agreement shall apply to this Slot Security Supplement.

C. [Pursuant to Section 31(a) of the Slot Security Agreement, each Grantor has agreed to deliver to the Collateral Agent a written supplement substantially in the form of Exhibit C thereto with respect to Additional Pledged Slots and Additional Pledged Gate Leaseholds. The Grantors have identified such Additional Pledged Slots or Additional Pledged Gate Leaseholds acquired by such Grantors after the date of the Slot Security Agreement set forth on Schedules 1, 2, 3 and hereto (collectively, the "Additional Collateral").][1]

D. [Pursuant to Section 17 of the Slot Security Agreement, the Collateral Agent has agreed to deliver to the Grantor a written supplement substantially in the form of Exhibit C thereto with respect to the release of any Collateral hereunder.][2]

Accordingly, the Collateral Agent and the Grantors agree as follows:

Section 1. Schedules [II, III and IV][3] of the Slot Security Agreement are hereby [supplemented][restated], as applicable, by the information set forth in Schedules [1, 2 and 3][4] hereto.

1 To be included for any Additional Pledged Slots and Additional Pledged Gate Leaseholds.
2 To be included for the release of any Collateral under the Slot Security Agreement.
3 Additional schedules to be included if applicable.
4 Additional schedules to be included if applicable

Section 2. This Slot Security Supplement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Delivery by facsimile or other electronic transmission (i.e., "pdf" or "tif") of an executed counterpart of a signature page to this Supplement shall be effective as delivery of an original executed counterpart of this Supplement. The Collateral Agent may also require that any such documents and signatures delivered by facsimile or other electronic transmission be confirmed by a manually-signed original thereof, provided that the failure to request or deliver the same shall not limit the effectiveness of any document or signature delivered by facsimile or other electronic transmission.

Section 3. This Slot Security Supplement shall be construed as supplemental to the Slot Security Agreement and shall form a part thereof, and the Slot Security Agreement is hereby incorporated by reference herein and is hereby ratified, approved and confirmed and terms not otherwise defined herein shall have the meaning provided in the Slot Security Agreement.

Section 4. THIS SLOT SECURITY SUPPLEMENT IS BEING DELIVERED IN THE STATE OF NEW YORK AND SHALL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

IN WITNESS WHEREOF, the Grantor has caused this Slot Security Supplement to be duly executed by one of its duly authorized officers, as of the day and year first above written.

[ ]

By: _____
Name:
Title:

Schedule [ ]

TO SUPPLEMENT NO.

SCHEDULE I

SCHEDULE OF LOCATIONS OF GRANTORS

Grantor	Location
American Airlines, Inc.	Delaware Corporation (Org ID: 332421)

SCHEDULE II

SCHEDULE OF PLEDGED SLOTS

American Airlines Air Carrier Slots
at LaGuardia Airport (LGA)

Slot ID	Slot Time	A/D	FREQ	Holder	Comments
2013	600	D	12345..	AAL	
2834	600	D	12345..	AAL	
3226	600	D	12345..	AAL	
3337	600	D	12345..	AAL	
3437	600	D	12345..	AAL	
3469	600	D	12345..	AAL	
3477	600	D	12345..	AAL	
3777	600	D	12345..	AAL	
3290	630	D	12345..	AAL	
3325	630	D	12345..	AAL	
3474	630	D	12345..	AAL	
3527	630	D	12345..	AAL	
3544	630	D	12345..	AAL	
3712	630	D	12345..	AAL	
3725	630	D	12345..	AAL	
2063	700	A	12345..	AAL	
2192	700	A	12345..	AAL	
2207	700	D	12345..	AAL	
3174	700	D	12345..	AAL	
3221	700	D	12345..	AAL	
3309	700	D	12345..	AAL	
35033	700	A	12345..	AAL	
35048	700	A	12345..	AAL	
2102	730	A	12345..	AAL	
2104	730	A	12345..	AAL	
2142	730	A	12345..	AAL	
2157	730	D	12345..	AAL	
2179	730	D	12345..	AAL	
2185	730	A	12345..	AAL	
3334	730	D	12345..	AAL	
3399	730	D	12345..	AAL	
3431	730	D	12345..	AAL	
3785	730	D	12345..	AAL	
3788	730	D	12345..	AAL	
2046	800	A	12345..	AAL	

Slot ID	Slot Time	A/D	FREQ	Holder	Comments
2109	800	D	12345..	AAL	
2146	800	A	12345..	AAL	
2150	800	D	12345..	AAL	
2184	800	D	12345..	AAL	
2239	800	A	12345..	AAL	
3021	800	D	12345..	AAL	
3049	800	D	12345..	AAL	
3499	800	A	12345..	AAL	
3615	800	D	12345..	AAL	
3702	800	D	12345..	AAL	
3812	800	A	12345..	AAL	
2051	830	D	12345..	AAL	
2073	830	D	12345..	AAL	
2112	830	D	12345..	AAL	
3004	830	D	12345..	AAL	
3210	830	A	12345..	AAL	
3319	830	D	12345..	AAL	
3809	830	D	12345..	AAL	
35014	830	D	12345..	AAL	
2052	900	A	12345..	AAL	
2062	900	A	12345..	AAL	
2125	900	D	12345..	AAL	
3002	900	A	12345..	AAL	
3017	900	D	12345..	AAL	
3020	900	D	12345..	AAL	
3059	900	D	12345..	AAL	
3138	900	A	12345..	AAL	
3194	900	D	12345..	AAL	
3349	900	D	12345..	AAL	
3407	900	A	12345..	AAL	
3465	900	D	12345..	AAL	
3555	900	D	12345..	AAL	
3736	900	D	12345..	AAL	
3855	900	D	12345..	AAL	
2208	930	D	12345..	AAL	
2226	930	A	12345..	AAL	
2240	930	A	12345..	AAL	
3201	930	A	12345..	AAL	
3222	930	D	12345..	AAL	
3227	930	D	12345..	AAL	

Slot ID	Slot Time	A/D	FREQ	Holder	Comments
3317	930	A	12345..	AAL	
3625	930	D	12345..	AAL	
2066	1000	D	12345..	AAL	
2084	1000	A	12345..	AAL	
3187	1000	D	12345..	AAL	
3267	1000	D	12345..	AAL	
3272	1000	A	12345..	AAL	
3420	1000	D	12345..	AAL	
3540	1000	A	12345..	AAL	
3607	1000	A	12345..	AAL	
2042	1030	A	12345..	AAL	
2043	1030	D	12345..	AAL	
2044	1030	D	12345..	AAL	
3115	1030	A	12345..	AAL	
3387	1030	A	12345..	AAL	
3401	1030	A	12345..	AAL	
3435	1030	A	12345..	AAL	
3482	1030	A	12345..	AAL	
3707	1030	D	12345..	AAL	
2034	1100	A	12345..	AAL	
2083	1100	A	12345..	AAL	
2141	1100	D	12345..	AAL	
2164	1100	D	12345..	AAL	
2241	1100	D	12345..	AAL	
3039	1100	A	12345..	AAL	
3113	1100	A	12345..	AAL	
3146	1100	D	12345..	AAL	
3209	1100	A	12345..	AAL	
3427	1100	D	12345..	AAL	
3452	1100	A	12345..	AAL	
3478	1100	A	12345..	AAL	
3514	1100	D	12345..	AAL	
3554	1100	D	12345..	AAL	
2026	1130	D	12345..	AAL	
2059	1130	D	12345..	AAL	
2088	1130	A	12345..	AAL	
2248	1130	D	12345..	AAL	
3023	1130	D	12345..	AAL	
3428	1130	D	12345..	AAL	
3500	1130	A	12345..	AAL	

Slot ID	Slot Time	A/D	FREQ	Holder	Comments
3504	1130	A	12345..	AAL	
2118	1200	D	12345.7	AAL	
2234	1200	A	12345.7	AAL	
2238	1200	D	12345..	AAL	
2238	1200	D	7	AAL	Duplicate
3235	1200	A	12345.7	AAL	
3285	1200	A	12345.7	AAL	
3289	1200	A	12345.7	AAL	
3328	1200	D	12345.7	AAL	
3359	1200	D	12345.7	AAL	
3423	1200	D	12345.7	AAL	
3473	1200	A	12345.7	AAL	
3517	1200	D	12345.7	AAL	
3531	1200	D	12345.7	AAL	
3674	1200	A	12345.7	AAL	
3835	1200	D	12345.7	AAL	
2010	1230	A	12345..	AAL	
2010	1230	A	7	AAL	Duplicate
2011	1230	A	12345..	AAL	
2011	1230	A	7	AAL	Duplicate
2216	1230	A	7	AAL	
3001	1230	D	12345.7	AAL	
3169	1230	A	12345.7	AAL	
3338	1230	D	12345.7	AAL	
3447	1230	A	12345.7	AAL	
3518	1230	A	12345.7	AAL	
3710	1230	A	12345.7	AAL	
3764	1230	D	12345.7	AAL	
35022	1230	D	12345.7	AAL	
2041	1300	D	12345.7	AAL	
2067	1300	D	12345.7	AAL	
2155	1300	A	12345..	AAL	
2155	1300	A	7	AAL	Duplicate
2187	1300	A	12345..	AAL	
2187	1300	A	7	AAL	Duplicate
2211	1300	D	12345..	AAL	
2211	1300	D	7	AAL	Duplicate
3067	1300	D	12345.7	AAL	
3074	1300	D	12345.7	AAL	
3237	1300	A	12345.7	AAL	

Slot ID	Slot Time	A/D	FREQ	Holder	Comments
3279	1300	D	12345.7	AAL	
3304	1300	D	12345.7	AAL	
3811	1300	D	12345.7	AAL	
35023	1300	A	12345.7	AAL	
2126	1330	D	12345.7	AAL	
2159	1330	D	12345.7	AAL	
2210	1330	A	12345.7	AAL	
2221	1330	D	12345..	AAL	
2221	1330	D	7	AAL	Duplicate
3086	1330	D	12345.7	AAL	
3468	1330	A	12345.7	AAL	
3509	1330	A	12345.7	AAL	
3557	1330	A	12345.7	AAL	
3824	1330	A	12345.7	AAL	
3856	1330	A	12345.7	AAL	
3862	1330	D	12345.7	AAL	
2174	1400	A	12345.7	AAL	
2198	1400	A	12345..	AAL	
2198	1400	A	7	AAL	Duplicate
2229	1400	A	12345.7	AAL	
3025	1400	D	12345.7	AAL	
3215	1400	A	12345.7	AAL	
3278	1400	A	12345.7	AAL	
3533	1400	D	12345.7	AAL	
3543	1400	D	12345.7	AAL	
3578	1400	A	12345.7	AAL	
3735	1400	D	12345.7	AAL	
2027	1430	D	12345.7	AAL	
2028	1430	D	12345.7	AAL	
2136	1430	A	12345.7	AAL	
3042	1430	A	12345.7	AAL	
3107	1430	D	12345.7	AAL	
3128	1430	D	12345.7	AAL	
3142	1430	A	12345.7	AAL	
3394	1430	A	12345.7	AAL	
3489	1430	D	12345.7	AAL	
2105	1500	D	12345..	AAL	
2105	1500	D	7	AAL	Duplicate
2123	1500	A	12345..	AAL	
2191	1500	A	12345.7	AAL	

Slot ID	Slot Time	A/D	FREQ	Holder	Comments
2228	1500	A	12345.7	AAL	
3027	1500	D	12345.7	AAL	
3126	1500	A	12345.7	AAL	
3354	1500	D	12345.7	AAL	
3558	1500	A	12345.7	AAL	
3761	1500	A	12345.7	AAL	
3819	1500	A	12345.7	AAL	
3850	1500	A	12345.7	AAL	
3854	1500	D	12345.7	AAL	
35142	1500	D	12345.7	AAL	
2058	1530	D	12345.7	AAL	
2247	1530	D	12345.7	AAL	
3186	1530	D	12345.7	AAL	
3204	1530	A	12345.7	AAL	
3346	1530	D	12345.7	AAL	
3523	1530	A	12345.7	AAL	
3794	1530	D	12345.7	AAL	
35149	1530	A	12345.7	AAL	
2017	1600	A	12345.7	AAL	
2019	1600	D	12345.7	AAL	
2094	1600	A	12345.7	AAL	
2149	1600	A	12345.7	AAL	
2156	1600	A	12345.7	AAL	
2173	1600	D	12345.7	AAL	
2242	1600	A	12345.7	AAL	
3044	1600	A	12345.7	AAL	
3157	1600	D	12345.7	AAL	
3291	1600	A	12345.7	AAL	
3493	1600	A	12345.7	AAL	
3511	1600	D	12345.7	AAL	
3778	1600	A	12345.7	AAL	
3787	1600	D	12345.7	AAL	
2061	1630	A	12345.7	AAL	
2076	1630	D	12345.7	AAL	
2098	1630	D	12345.7	AAL	
2100	1630	D	12345.7	AAL	
3079	1630	A	12345.7	AAL	
3155	1630	A	12345.7	AAL	
3796	1630	D	12345.7	AAL	
2009	1700	D	12345.7	AAL	

Slot ID	Slot Time	A/D	FREQ	Holder	Comments
2119	1700	A	12345.7	AAL	
2128	1700	A	12345..	AAL	
2128	1700	A	7	AAL	Duplicate
2132	1700	A	12345.7	AAL	
2169	1700	D	12345..	AAL	
2169	1700	D	7	AAL	Duplicate
3011	1700	D	12345.7	AAL	
3100	1700	D	12345.7	AAL	
3167	1700	A	12345.7	AAL	
3170	1700	A	12345.7	AAL	
3552	1700	D	12345.7	AAL	
3580	1700	A	12345.7	AAL	
3708	1700	A	12345.7	AAL	
3726	1700	D	12345.7	AAL	
3834	1700	D	12345.7	AAL	
2086	1730	D	12345.7	AAL	
2145	1730	A	12345.7	AAL	
2183	1730	A	12345.7	AAL	
2250	1730	D	12345.7	AAL	
3062	1730	A	12345.7	AAL	
3066	1730	D	12345.7	AAL	
3154	1730	A	12345.7	AAL	
3159	1730	D	12345.7	AAL	
3341	1730	D	12345.7	AAL	
3433	1730	A	12345.7	AAL	
3802	1730	D	12345.7	AAL	
2082	1800	D	12345.7	AAL	
2134	1800	A	12345.7	AAL	
2163	1800	D	12345.7	AAL	
2194	1800	D	12345.7	AAL	
2231	1800	D	12345.7	AAL	
2236	1800	A	12345.7	AAL	
3116	1800	D	12345.7	AAL	
3213	1800	A	12345.7	AAL	
3348	1800	D	12345.7	AAL	
3416	1800	A	12345.7	AAL	
3457	1800	D	12345.7	AAL	
3472	1800	A	12345.7	AAL	
3610	1800	D	12345.7	AAL	
2090	1830	A	12345.7	AAL	

Slot ID	Slot Time	A/D	FREQ	Holder	Comments
2209	1830	D	12345.7	AAL	
3007	1830	D	12345.7	AAL	
3190	1830	A	12345.7	AAL	
3481	1830	A	12345.7	AAL	
3631	1830	D	12345.7	AAL	
3780	1830	D	12345.7	AAL	
3843	1830	D	12345.7	AAL	
2069	1900	A	12345.7	AAL	
2078	1900	D	12345.7	AAL	
2089	1900	A	12345.7	AAL	
2114	1900	A	12345.7	AAL	
2130	1900	A	12345.7	AAL	
2251	1900	D	12345.7	AAL	
2295	1900	A	7	AAL	
3175	1900	A	12345.7	AAL	
3200	1900	A	12345.7	AAL	
3218	1900	A	12345.7	AAL	
3439	1900	D	12345.7	AAL	
3444	1900	A	12345.7	AAL	
3775	1900	A	12345.7	AAL	
3782	1900	D	12345.7	AAL	
2039	1930	D	12345.7	AAL	
2057	1930	D	12345.7	AAL	
2152	1930	D	12345.7	AAL	
2154	1930	A	12345.7	AAL	
3102	1930	A	12345.7	AAL	
3137	1930	A	12345.7	AAL	
3188	1930	D	12345.7	AAL	
3470	1930	A	12345.7	AAL	
3525	1930	D	12345.7	AAL	
3562	1930	D	12345.7	AAL	
3651	1930	A	12345.7	AAL	
2037	2000	A	12345.7	AAL	
2045	2000	D	12345..	AAL	
2045	2000	D	7	AAL	Duplicate
2158	2000	A	12345.7	AAL	
3078	2000	D	12345.7	AAL	
3099	2000	D	12345.7	AAL	
3106	2000	D	12345.7	AAL	
3118	2000	D	12345.7	AAL	

Slot ID	Slot Time	A/D	FREQ	Holder	Comments
3125	2000	A	12345.7	AAL	
3143	2000	A	12345.7	AAL	
3144	2000	A	12345.7	AAL	
3561	2000	A	12345.7	AAL	
3791	2000	A	12345.7	AAL	
3124	2030	A	12345.7	AAL	
3185	2030	A	12345.7	AAL	
3196	2030	D	12345.7	AAL	
3205	2030	A	12345.7	AAL	
3208	2030	A	12345.7	AAL	
3403	2030	D	12345.7	AAL	
3448	2030	A	12345.7	AAL	
3483	2030	A	12345.7	AAL	
3111	2100	D	12345.7	AAL	
3382	2100	A	12345.7	AAL	
3414	2100	A	12345.7	AAL	
3417	2100	A	12345.7	AAL	
3510	2100	D	12345.7	AAL	
3546	2100	D	12345.7	AAL	
3830	2100	D	12345.7	AAL	
3837	2100	A	12345.7	AAL	
3838	2100	A	12345.7	AAL	
35117	2100	A	12345.7	AAL	
35119	2100	D	12345.7	AAL	
3030	2130	A	12345.7	AAL	
3713	2130	A	12345.7	AAL	

American Airlines Air Carrier Slots
at Ronald Reagan Washington National Airport (DCA)

Slot ID	Slot Time	A/D	FREQ	Holder	Commuter or Air Carrier
0017	0600	N	12345..	AAL	C
0022	0600	N	123456.	AAL	C
0033	0600	N	12345..	AAL	C
0125	0600	N	1234567	AAL	C
0184	0600	N	1234567	AAL	C
1007	0600	N	123456	AAL	A
1181	0600	N	123456	AAL	A
1187	0600	N	12345..	AAL	A
1196	0600	N	1234567	AAL	A
1235	0600	N	1234567	AAL	A
1261	0600	N	12345..	AAL	A
1266	0600	N	1234567	AAL	A
1300	0600	N	1234567	AAL	A
1347	0600	N	12345..	AAL	A
1352	0600	N	12345..	AAL	A
1365	0600	N	123456	AAL	A
0043	0700	N	12345..	AAL	C
0073	0700	N	12345..	AAL	C
0104	0700	N	12345..	AAL	C
0190	0700	N	12345..	AAL	C
0191	0700	N	12345..	AAL	C
0193	0700	N	12345..	AAL	C
0202	0700	N	12345..	AAL	C
0233	0700	N	12345..	AAL	C
1123	0700	N	12345..	AAL	A
1135	0700	N	12345..	AAL	A
1140	0700	N	12345.7	AAL	A
1146	0700	N	123456	AAL	A
1152	0700	N	12345..	AAL	A
1154	0700	N	123456	AAL	A
1171	0700	N	1234567	AAL	A
1179	0700	N	12345..	AAL	A
1212	0700	N	123456	AAL	A
1285	0700	N	123456	AAL	A
1290	0700	N	1234567	AAL	A
1357	0700	N	123456	AAL	A
1376	0700	N	123456	AAL	A

Slot ID	Slot Time	A/D	FREQ	Holder	Commuter or Air Carrier
1377	0700	N	1234567	AAL	A
1394	0700	N	1234567	AAL	A
1399	0700	N	1234567	AAL	A
1417	0700	N	1234567	AAL	A
1433	0700	N	123456	AAL	A
1487	0700	N	1234567	AAL	A
1530	0700	N	1234567	AAL	A
1594	0700	N	1234567	AAL	A
1596	0700	N	1234567	AAL	A
1614	0700	N	1234567	AAL	A
0036	0800	N	12345..	AAL	C
0059	0800	N	12345..	AAL	C
0075	0800	N	12345..	AAL	C
0083	0800	N	12345..	AAL	C
0149	0800	N	123456	AAL	C
0150	0800	N	123456	AAL	C
0177	0800	N	123456	AAL	C
0205	0800	N	12345..	AAL	C
0215	0800	N	12345..	AAL	C
1016	0800	N	1234567	AAL	A
1017	0800	N	1234567	AAL	A
1101	0800	N	1234567	AAL	A
1162	0800	N	1234567	AAL	A
1185	0800	N	1234567	AAL	A
1205	0800	N	1234567	AAL	A
1226	0800	N	1234567	AAL	A
1267	0800	N	1234567	AAL	A
1372	0800	N	12345..	AAL	A
1392	0800	N	1234567	AAL	A
1398	0800	N	1234567	AAL	A
1423	0800	N	1234567	AAL	A
1446	0800	N	123456	AAL	A
1466	0800	N	1234567	AAL	A
1491	0800	N	1234567	AAL	A
1493	0800	N	123456	AAL	A
1495	0800	N	1234567	AAL	A
1514	0800	N	1234567	AAL	A
1589	0800	N	1234567	AAL	A
1631	0800	N	1234567	AAL	A

Slot ID	Slot Time	A/D	FREQ	Holder	Commuter or Air Carrier
1635	0800	N	1234567	AAL	A
1653	0800	N	1234567	AAL	A
0029	0900	N	1234567	AAL	C
0031	0900	N	123456	AAL	C
0077	0900	N	12345..	AAL	C
0085	0900	N	123456	AAL	C
0089	0900	N	12345..	AAL	C
0108	0900	N	12345..	AAL	C
0151	0900	N	123456	AAL	C
0183	0900	N	12345..	AAL	C
1035	0900	N	1234567	AAL	A
1041	0900	N	123456	AAL	A
1042	0900	N	1234567	AAL	A
1043	0900	N	1234567	AAL	A
1045	0900	N	1234567	AAL	A
1046	0900	N	1234567	AAL	A
1047	0900	N	1234567	AAL	A
1053	0900	N	1234567	AAL	A
1084	0900	N	1234567	AAL	A
1085	0900	N	1234567	AAL	A
1130	0900	N	1234567	AAL	A
1160	0900	N	1234567	AAL	A
1193	0900	N	1234567	AAL	A
1240	0900	N	1234567	AAL	A
1257	0900	N	1234567	AAL	A
1289	0900	N	1234567	AAL	A
1318	0900	N	1234567	AAL	A
1400	0900	N	1234567	AAL	A
1418	0900	N	1234567	AAL	A
1426	0900	N	1234567	AAL	A
1510	0900	N	1234567	AAL	A
1526	0900	N	123456	AAL	A
1534	0900	N	1234567	AAL	A
1603	0900	N	1234567	AAL	A
0003	1000	N	1234567	AAL	C
0021	1000	N	1234567	AAL	C
0053	1000	N	12345.7	AAL	C
0079	1000	N	12345..	AAL	C
0123	1000	N	12345..	AAL	C

Slot ID	Slot Time	A/D	FREQ	Holder	Commuter or Air Carrier
0131	1000	N	12345..	AAL	C
0148	1000	N	12345..	AAL	C
0168	1000	N	123456	AAL	C
0196	1000	N	1234567	AAL	C
0229	1000	N	12345..	AAL	C
1010	1000	N	1234567	AAL	A
1023	1000	N	1234567	AAL	A
1024	1000	N	12345..	AAL	A
1031	1000	N	1234567	AAL	A
1039	1000	N	1234567	AAL	A
1081	1000	N	1234567	AAL	A
1082	1000	N	1234567	AAL	A
1118	1000	N	1234567	AAL	A
1157	1000	N	1234567	AAL	A
1186	1000	N	1234567	AAL	A
1189	1000	N	1234567	AAL	A
1190	1000	N	1234567	AAL	A
1230	1000	N	1234567	AAL	A
1256	1000	N	1234567	AAL	A
1283	1000	N	1234567	AAL	A
1311	1000	N	1234567	AAL	A
1320	1000	N	1234567	AAL	A
1330	1000	N	1234567	AAL	A
1385	1000	N	1234567	AAL	A
1502	1000	N	1234567	AAL	A
1553	1000	N	1234567	AAL	A
11105/1393	1000	N	1234567	AAL	A
0011	1100	N	12345..	AAL	C
0020	1100	N	123456	AAL	C
0034	1100	N	12345.7	AAL	C
0051	1100	N	12345..	AAL	C
0060	1100	N	12345.7	AAL	C
0119	1100	N	12345..	AAL	C
0212	1100	N	12345.7	AAL	C
0219	1100	N	1234567	AAL	C
1019	1100	N	1234567	AAL	A
1037	1100	N	1234567	AAL	A
1116	1100	N	1234567	AAL	A
1207	1100	N	1234567	AAL	A

Slot ID	Slot Time	A/D	FREQ	Holder	Commuter or Air Carrier
1369	1100	N	1234567	AAL	A
1384	1100	N	1234567	AAL	A
1406	1100	N	1234567	AAL	A
1407	1100	N	1234567	AAL	A
1436	1100	N	1234567	AAL	A
1472	1100	N	1234567	AAL	A
1478	1100	N	1234567	AAL	A
1494	1100	N	1234567	AAL	A
1551	1100	N	1234567	AAL	A
1562	1100	N	1234567	AAL	A
1573	1100	N	1234567	AAL	A
1590	1100	N	1234567	AAL	A
1658	1100	N	1234567	AAL	A
1669	1100	N	1234567	AAL	A
11106/1328	1100	N	1234567	AAL	A
0007	1200	N	12345.7	AAL	C
0015	1200	N	12345.7	AAL	C
0071	1200	N	12345.7	AAL	C
0072	1200	N	1234567	AAL	C
0100	1200	N	12345.7	AAL	C
0127	1200	N	123456	AAL	C
0211	1200	N	1234567	AAL	C
0231	1200	N	12345.7	AAL	C
1033	1200	N	12345.7	AAL	A
1168	1200	N	1234567	AAL	A
1213	1200	N	1234567	AAL	A
1220	1200	N	1234567	AAL	A
1293	1200	N	1234567	AAL	A
1298	1200	N	1234567	AAL	A
1305	1200	N	1234567	AAL	A
1319	1200	N	1234567	AAL	A
1358	1200	N	1234567	AAL	A
1395	1200	N	1234567	AAL	A
1451	1200	N	1234567	AAL	A
1461	1200	N	1234567	AAL	A
1462	1200	N	1234567	AAL	A
1537	1200	N	1234567	AAL	A
1582	1200	N	1234567	AAL	A
1602	1200	N	1234567	AAL	A

Slot ID	Slot Time	A/D	FREQ	Holder	Commuter or Air Carrier
1613	1200	N	1234567	AAL	A
1657	1200	N	1234567	AAL	A
0006	1300	N	12345.7	AAL	C
0019	1300	N	1234567	AAL	C
0080	1300	N	12345.7	AAL	C
0110	1300	N	12345.7	AAL	C
0154	1300	N	12345.7	AAL	C
0180	1300	N	12345.7	AAL	C
0197	1300	N	12345.7	AAL	C
0198	1300	N	1234567	AAL	C
0210	1300	N	1234567	AAL	C
0220	1300	N	12345.7	AAL	C
1032	1300	N	1234567	AAL	A
1063	1300	N	1234567	AAL	A
1093	1300	N	1234567	AAL	A
1127	1300	N	1234567	AAL	A
1136	1300	N	1234567	AAL	A
1175	1300	N	1234567	AAL	A
1210	1300	N	1234567	AAL	A
1211	1300	N	1234567	AAL	A
1244	1300	N	1234567	AAL	A
1265	1300	N	1234567	AAL	A
1397	1300	N	1234567	AAL	A
1437	1300	N	1234567	AAL	A
1444	1300	N	1234567	AAL	A
1474	1300	N	1234567	AAL	A
1476	1300	N	1234567	AAL	A
1488	1300	N	1234567	AAL	A
1505	1300	N	1234567	AAL	A
1517	1300	N	1234567	AAL	A
1557	1300	N	1234567	AAL	A
1622	1300	N	1234567	AAL	A
1629	1300	N	1234567	AAL	A
1636	1300	N	1234567	AAL	A
1639	1300	N	1234567	AAL	A
11107/1344	1300	N	1234567	AAL	A
0005	1400	N	12345.7	AAL	C
0027	1400	N	1234567	AAL	C
0032	1400	N	1234567	AAL	C

Slot ID	Slot Time	A/D	FREQ	Holder	Commuter or Air Carrier
0047	1400	N	12345.7	AAL	C
0096	1400	N	1234567	AAL	C
0118	1400	N	12345.7	AAL	C
0120	1400	N	1234567	AAL	C
0134	1400	N	12345.7	AAL	C
0162	1400	N	12345.7	AAL	C
0174	1400	N	12345.7	AAL	C
0226	1400	N	12345.7	AAL	C
1015	1400	N	1234567	AAL	A
1060	1400	N	1234567	AAL	A
1064	1400	N	1234567	AAL	A
1076	1400	N	1234567	AAL	A
1086	1400	N	1234567	AAL	A
1089	1400	N	1234567	AAL	A
1094	1400	N	1234567	AAL	A
1096	1400	N	1234567	AAL	A
1155	1400	N	1234567	AAL	A
1263	1400	N	1234567	AAL	A
1314	1400	N	1234567	AAL	A
1337	1400	N	1234567	AAL	A
1373	1400	N	1234567	AAL	A
1443	1400	N	1234567	AAL	A
1447	1400	N	1234567	AAL	A
1465	1400	N	1234567	AAL	A
1549	1400	N	1234567	AAL	A
1586	1400	N	1234567	AAL	A
1659	1400	N	1234567	AAL	A
1663	1400	N	1234567	AAL	A
0035	1500	N	12345.7	AAL	C
0048	1500	N	12345.7	AAL	C
0081	1500	N	12345.7	AAL	C
0101	1500	N	12345.7	AAL	C
0107	1500	N	12345.7	AAL	C
0109	1500	N	12345.7	AAL	C
0113	1500	N	12345.7	AAL	C
0140	1500	N	12345.7	AAL	C
0189	1500	N	12345.7	AAL	C
1057	1500	N	1234567	AAL	A
1059	1500	N	1234567	AAL	A

Slot ID	Slot Time	A/D	FREQ	Holder	Commuter or Air Carrier
1128	1500	N	1234567	AAL	A
1134	1500	N	1234567	AAL	A
1165	1500	N	1234567	AAL	A
1182	1500	N	1234567	AAL	A
1195	1500	N	1234567	AAL	A
1229	1500	N	1234567	AAL	A
1253	1500	N	1234567	AAL	A
1323	1500	N	1234567	AAL	A
1340	1500	N	1234567	AAL	A
1355	1500	N	1234567	AAL	A
1419	1500	N	1234567	AAL	A
1490	1500	N	1234567	AAL	A
1511	1500	N	1234567	AAL	A
1552	1500	N	1234567	AAL	A
1555	1500	N	1234567	AAL	A
1576	1500	N	1234567	AAL	A
1580	1500	N	1234567	AAL	A
0009	1600	N	12345.7	AAL	C
0102	1600	N	1234567	AAL	C
0105	1600	N	12345.7	AAL	C
0124	1600	N	12345.7	AAL	C
0129	1600	N	12345.7	AAL	C
0160	1600	N	1234567	AAL	C
0165	1600	N	1234567	AAL	C
0167	1600	N	12345.7	AAL	C
0172	1600	N	1234567	AAL	C
0217	1600	N	1234567	AAL	C
1110	1600	N	1234567	AAL	A
1149	1600	N	1234567	AAL	A
1183	1600	N	1234567	AAL	A
1191	1600	N	1234567	AAL	A
1228	1600	N	1234567	AAL	A
1326	1600	N	1234567	AAL	A
1410	1600	N	1234567	AAL	A
1416	1600	N	1234567	AAL	A
1524	1600	N	1234567	AAL	A
1532	1600	N	1234567	AAL	A
1618	1600	N	1234567	AAL	A
1655	1600	N	1234567	AAL	A

Slot ID	Slot Time	A/D	FREQ	Holder	Commuter or Air Carrier
1661	1600	N	1234567	AAL	A
0001	1700	N	12345.7	AAL	C
0016	1700	N	12345.7	AAL	C
0023	1700	N	1234567	AAL	C
0049	1700	N	12345.7	AAL	C
0056	1700	N	12345.7	AAL	C
0058	1700	N	12345.7	AAL	C
0064	1700	N	12345.7	AAL	C
0076	1700	N	12345.7	AAL	C
0091	1700	N	12345.7	AAL	C
0115	1700	N	12345.7	AAL	C
0178	1700	N	12345.7	AAL	C
1114	1700	N	1234567	AAL	A
1231	1700	N	1234567	AAL	A
1237	1700	N	1234567	AAL	A
1356	1700	N	1234567	AAL	A
1408	1700	N	1234567	AAL	A
1428	1700	N	1234567	AAL	A
1440	1700	N	1234567	AAL	A
1449	1700	N	1234567	AAL	A
1454	1700	N	1234567	AAL	A
1599	1700	N	1234567	AAL	A
1601	1700	N	1234567	AAL	A
1604	1700	N	1234567	AAL	A
1605	1700	N	1234567	AAL	A
1664	1700	N	1234567	AAL	A
1668	1700	N	1234567	AAL	A
0002	1800	N	12345.7	AAL	C
0004	1800	N	12345.7	AAL	C
0050	1800	N	12345.7	AAL	C
0061	1800	N	12345.7	AAL	C
0182	1800	N	12345.7	AAL	C
0214	1800	N	12345.7	AAL	C
0227	1800	N	12345.7	AAL	C
1072	1800	N	12345.7	AAL	A
1075	1800	N	12345.7	AAL	A
1077	1800	N	1234567	AAL	A
1078	1800	N	1234567	AAL	A
1079	1800	N	1234567	AAL	A

Slot ID	Slot Time	A/D	FREQ	Holder	Commuter or Air Carrier
1080	1800	N	1234567	AAL	A
1153	1800	N	1234567	AAL	A
1198	1800	N	1234567	AAL	A
1201	1800	N	1234567	AAL	A
1248	1800	N	1234567	AAL	A
1260	1800	N	1234567	AAL	A
1268	1800	N	1234567	AAL	A
1371	1800	N	1234567	AAL	A
1382	1800	N	1234567	AAL	A
1522	1800	N	1234567	AAL	A
1554	1800	N	1234567	AAL	A
1583	1800	N	1234567	AAL	A
1584	1800	N	1234567	AAL	A
0038	1900	N	1234567	AAL	C
0041	1900	N	12345.7	AAL	C
0065	1900	N	12345.7	AAL	C
0067	1900	N	1234567	AAL	C
0093	1900	N	12345.7	AAL	C
0142	1900	N	12345.7	AAL	C
0153	1900	N	12345.7	AAL	C
0179	1900	N	12345.7	AAL	C
1095	1900	N	1234567	AAL	A
1098	1900	N	1234567	AAL	A
1113	1900	N	1234567	AAL	A
1129	1900	N	1234567	AAL	A
1222	1900	N	12345.7	AAL	A
1232	1900	N	1234567	AAL	A
1275	1900	N	1234567	AAL	A
1281	1900	N	1234567	AAL	A
1295	1900	N	1234567	AAL	A
1310	1900	N	12345.7	AAL	A
1331	1900	N	1234567	AAL	A
1360	1900	N	1234567	AAL	A
1375	1900	N	1234567	AAL	A
1404	1900	N	1234567	AAL	A
1432	1900	N	1234567	AAL	A
1456	1900	N	1234567	AAL	A
1467	1900	N	1234567	AAL	A
1509	1900	N	1234567	AAL	A

Slot ID	Slot Time	A/D	FREQ	Holder	Commuter or Air Carrier
1529	1900	N	1234567	AAL	A
1541	1900	N	1234567	AAL	A
1542	1900	N	1234567	AAL	A
1633	1900	N	1234567	AAL	A
1650	1900	N	1234567	AAL	A
0012	2000	N	12345.7	AAL	C
0045	2000	N	12345.7	AAL	C
0068	2000	N	12345.7	AAL	C
0116	2000	N	1234567	AAL	C
0145	2000	N	12345.7	AAL	C
0155	2000	N	12345.7	AAL	C
0159	2000	N	12345.7	AAL	C
0194	2000	N	1234567	AAL	C
0201	2000	N	12345.7	AAL	C
1119	2000	N	12345.7	AAL	A
1184	2000	N	12345.7	AAL	A
1206	2000	N	12345.7	AAL	A
1278	2000	N	12345.7	AAL	A
1279	2000	N	1234567	AAL	A
1315	2000	N	12345.7	AAL	A
1370	2000	N	12345.7	AAL	A
1435	2000	N	1234567	AAL	A
1455	2000	N	1234567	AAL	A
1463	2000	N	1234567	AAL	A
1470	2000	N	1234567	AAL	A
1482	2000	N	1234567	AAL	A
1501	2000	N	1234567	AAL	A
1513	2000	N	1234567	AAL	A
1516	2000	N	1234567	AAL	A
1538	2000	N	1234567	AAL	A
1540	2000	N	1234567	AAL	A
1560	2000	N	1234567	AAL	A
1638	2000	N	12345.7	AAL	A
11108/1571	2000	N	1234567	AAL	A
0132	2100	N	12345.7	AAL	C
0146	2100	N	12345.7	AAL	C
0147	2100	N	12345..	AAL	C
0169	2100	N	12345..	AAL	C
1003	2100	N	1234567	AAL	A

Slot ID	Slot Time	A/D	FREQ	Holder	Commuter or Air Carrier
1061	2100	N	12345.7	AAL	A
1088	2100	N	12345.7	AAL	A
1112	2100	N	12345.7	AAL	A
1115	2100	N	1234567	AAL	A
1143	2100	N	12345.7	AAL	A
1180	2100	N	1234567	AAL	A
1197	2100	N	12345.7	AAL	A
1241	2100	N	12345.7	AAL	A
1243	2100	N	12345.7	AAL	A
1262	2100	N	1234567	AAL	A
1269	2100	N	1234567	AAL	A
1304	2100	N	12345.7	AAL	A
1306	2100	N	12345.7	AAL	A
1333	2100	N	12345.7	AAL	A
1544	2100	N	1234567	AAL	A
1548	2100	N	1234567	AAL	A
1588	2100	N	1234567	AAL	A
1591	2100	N	1234567	AAL	A
0025	2200	N	12345.7	AAL	C
0070	2200	N	12345.7	AAL	C
0087	2200	N	12345.7	AAL	C
0175	2200	N	12345.7	AAL	C
0188	2200	N	12345.7	AAL	C
1049	2200	N	12345.7	AAL	A
1177	2200	N	1234567	AAL	A
1250	2200	N	12345.7	AAL	A
1251	2200	N	12345.7	AAL	A
1252	2200	N	12345.7	AAL	A
1254	2200	N	1234567	AAL	A
1264	2200	N	1234567	AAL	A
1327	2200	N	12345.7	AAL	A
1378	2200	N	12345.7	AAL	A
1403	2200	N	12345.7	AAL	A
1412	2200	N	12345.7	AAL	A
1413	2200	N	1234567	AAL	A
1434	2200	N	12345.7	AAL	A
1457	2200	N	12345.7	AAL	A
1489	2200	N	1234567	AAL	A
1518	2200	N	12345.7	AAL	A

Slot ID	Slot Time	A/D	FREQ	Holder	Commuter or Air Carrier
1546	2200	N	12345.7	AAL	A
1565	2200	N	12345.7	AAL	A
1569	2200	N	12345.7	AAL	A
1598	2200	N	12345.7	AAL	A
1612	2200	N	12345.7	AAL	A
1627	2200	N	1234567	AAL	A
1632	2200	N	12345.7	AAL	A
1036	2300	N	1234567	AAL	A
1141	2300	N	12345.7	AAL	A
1158	2300	N	12345.7	AAL	A
1170	2300	N	12345.7	AAL	A
1178	2300	N	1234567	AAL	A
1204	2300	N	1234567	AAL	A

SCHEDULE III

SCHEDULE OF PLEDGED GATE LEASEHOLDS

All American Airlines, Inc. Gate Leaseholds at Ronald Reagan Washington National Airport (DCA) used in connection with Pledged Slots

All American Airlines, Inc. Gate Leasehold at LaGuardia Airport (LGA) used in connection with Pledged Slots

EXHIBIT B to
CREDIT AND GUARANTY AGREEMENT

[FORM OF]

SECURITY AGREEMENT

(SLOTS, GATE LEASEHOLDS AND ROUTE AUTHORITIES)

Between

THE GRANTORS LISTED IN SCHEDULE I HERETO,

as Grantors

and

CITIBANK, N.A.,

as Collateral Agent

Dated as of , 20

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Exhibit A – Form of SGR Security Agreement Supplement
Exhibit B – Form of Joinder Agreement

SECURITY AGREEMENT

(SLOTS, GATE LEASEHOLDS AND ROUTE AUTHORITIES)

This SECURITY AGREEMENT (Slots, Gate Leaseholds and/or Route Authorities), dated as of , 20 (as may be amended, restated, amended and restated, supplemented and/or otherwise modified from time to time, this "SGR Security Agreement"), between AMERICAN AIRLINES, INC., a Delaware corporation (the "Borrower"), each other Person that becomes a Party hereto pursuant to Section 27 ([together with the Borrower and their respective successors and permitted assigns,] the "Grantors"), and Citibank, N.A., as collateral agent (in such capacity, and together with its successors and permitted assigns in such capacity, the "Collateral Agent"), for its benefit and the benefit of the other Secured Parties. Capitalized terms used herein without other definition are used as defined and interpreted in Section 17.

W I T N E S S E T H:

WHEREAS, the Grantors and the Collateral Agent are parties to that certain Amended and Restated Credit and Guaranty Agreement, dated as of December 15, 2016 (as may be amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), by and among the Borrower, American Airlines Group Inc. ("Parent"), as guarantor party thereto, the other guarantors from time to time party thereto, the lenders from time to time party thereto (collectively, the "Lenders"), the Collateral Agent and the Administrative Agent;

WHEREAS, each Grantor has agreed to grant a continuing Lien on the Collateral (as defined below) to secure the Obligations; and

WHEREAS, the Collateral Agent and one or more Additional Agents may in the future enter into one or more Intercreditor Agreements and/or Other Intercreditor Agreements;

NOW, THEREFORE, in consideration of the premises, the mutual agreements set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties to this SGR Security Agreement hereby agree as follows:

Section 1. Grant of Security Interest. To secure all of the Obligations, each Grantor hereby pledges, grants and creates a security interest and mortgage in favor of the Collateral Agent for its benefit and the benefit of the other Secured Parties in all of the following assets, rights and properties, whether real or personal and whether tangible or intangible (the "Collateral"):

(a) all of the right, title and interest of such Grantor in, to and under the Route Authorities, the Slots and the Gate Leaseholds, whether now owned or held or hereafter acquired and whether such assets, rights or properties constitute General Intangibles or another type or category of collateral under the NY UCC or any other type of asset, right or property; and

(b) all of the right, title and interest of such Grantor in, to and under all Proceeds of any and all of the foregoing (including, without limitation, all Proceeds (of any kind) received or to be received by such Grantor upon the transfer or other disposition of any of the assets, rights and properties described in clause (a), notwithstanding whether the mortgage, pledge and grant of the security interest in any such asset, right or property is legally effective under applicable law);

provided, however, that notwithstanding the foregoing or any other provision of this SGR Security Agreement, (1) (x) if a Transfer Restriction would be applicable to the pledge, grant or creation of a security interest in or mortgage on any asset, right or property described above (other than in the Route Authorities or Proceeds thereof), then so long as such Transfer Restriction is in effect, or (y) if, pursuant to the operative provisions of transaction documents existing prior to the Closing Date under any transaction entered into by the Grantors prior to the Closing Date, any asset, right or property is at any time subject to a security interest or mortgage in favor of another Person in connection with such transaction, (and not pursuant to an election made by the Borrower after the Closing Date to add any such asset, right or property as collateral to such transaction) then, this SGR Security Agreement shall not pledge, grant or create any security interest in or mortgage on, and the term "Collateral" shall not include, any such asset, right or property, and (2) if any Transfer Restriction applies to the transfer or assignment (other than the pledge, grant or creation of a security interest or mortgage) of any Collateral, any provision of this SGR Security Agreement permitting the Collateral Agent to cause a Grantor to transfer or assign to it or any other Person any of such Collateral (and any right the Collateral Agent may have under applicable law to do so by virtue of the security interest and mortgage pledged or granted to it under this SGR Security Agreement) shall be subject to such Transfer Restriction; provided, however, that following an Event of Default, at the direction of the Collateral Agent, such Grantor shall use commercially reasonable efforts to obtain all approvals and consents that would be required to transfer or assign Collateral subject to such a Transfer Restriction referred to in clause (2) of the preceding proviso. As used herein, "Transfer Restriction" means any prohibition, restriction or consent requirement, whether arising under contract, applicable law, rule or regulation, or otherwise, relating to the transfer or assignment by a Grantor of, or the pledge, grant, or creation by a Grantor of a security interest or mortgage in, any right, title or interest in any asset, right or property, or any claim, right or benefit arising thereunder or resulting therefrom, if

any such transfer or assignment thereof (or any pledge, grant or creation of a security interest or mortgage therein) or any attempt to so transfer, assign, pledge, grant or create, in contravention or violation of any such prohibition or restriction or without any required consent of any Person would (i) constitute a violation of the terms under which such Grantor was granted such right, title or interest or give rise to a default, breach, right of recoupment, claim, defense, termination, right of termination or remedy with respect thereto, (ii) entitle any Governmental Authority or other Person to terminate or suspend any such right, title or interest (or such Grantor's interest in any agreement or license related thereto), or (iii) be prohibited by or violate any applicable law, rule or regulation, except, in any case, to the extent such "Transfer Restriction" shall be rendered ineffective (both to the extent that it (x) prohibits, restricts or requires consent and (y) gives rise to a default, breach, right of recoupment, claim, defense, termination, right of termination or remedy) by virtue of any applicable law, including, but not limited to Sections 9-406, 9-407, 9-408 or 9-409 of the NY UCC, to the extent applicable (or any corresponding sections of the UCC in a jurisdiction other than the State of New York to the extent applicable).

Section 2. Security for Obligations; Intercreditor Relations.

(a) This SGR Security Agreement secures, and the Collateral is collateral security for, the Obligations.

(b) Notwithstanding anything herein to the contrary, it is the understanding of the parties hereto that the Liens granted pursuant to Section 1 shall, prior to the Discharge of Additional Obligations that are Senior Priority Obligations, be pari passu and equal in priority to the Liens granted to any Additional Agent for the benefit of the holders of the applicable Additional Obligations that are Senior Priority Obligations to secure such Additional Obligations that are Senior Priority Obligations pursuant to the applicable Additional Collateral Documents (except as may be separately otherwise agreed between the Collateral Agent, on behalf of itself and the Secured Parties, and any Additional Agent, on behalf of itself and the Additional Credit Facility Secured Parties represented thereby). The Collateral Agent acknowledges and agrees that, in the event that it enters into an Intercreditor Agreement or an Other Intercreditor Agreement, the relative priority of the Liens granted to the Collateral Agent, the Administrative Agent and any Additional Agent shall be determined solely (as between the parties to such Intercreditor Agreement or Other Intercreditor Agreement and except as otherwise provided therein) pursuant to the applicable Intercreditor Agreements and Other Intercreditor Agreements, and not by priority as a matter of law or otherwise. Notwithstanding anything herein to the contrary, the Liens granted to the Collateral Agent pursuant to this SGR Security Agreement and the exercise of any right or remedy by the Collateral Agent hereunder are subject to the provisions of the applicable Intercreditor Agreements and Other Intercreditor Agreements. In the event of any conflict between the terms of any Intercreditor Agreement or any Other Intercreditor Agreement and this SGR Security Agreement, the

terms of such Intercreditor Agreement or Other Intercreditor Agreement, as applicable, shall govern and control as among (i) the Collateral Agent and any Additional Agent, in the case of the Intercreditor Agreement, and (ii) the Collateral Agent and any other secured creditor (or agent therefor) party thereto, in the case of any Other Intercreditor Agreement. In the event of any such conflict, the Grantors may act (or omit to act) in accordance with such Intercreditor Agreement or such Other Intercreditor Agreement, as applicable, and shall not be in breach, violation or default of its obligations hereunder by reason of doing so. Notwithstanding any other provision hereof, for so long as any Additional Obligations that are Senior Priority Obligations remain outstanding, any obligation hereunder to deliver, transfer or assign to the Collateral Agent any Collateral shall be satisfied by causing such Collateral to be delivered, transferred or assigned to the applicable Senior Priority Representative to be held in accordance with the Intercreditor Agreement.

Section 3. No Release.

(a) Other than as provided in clause (2) of the proviso to Section 1, nothing set forth in this SGR Security Agreement shall relieve any Grantor from the performance of any term, covenant, condition or agreement on such Grantor's part to be performed or observed under or in respect of any of the Collateral or from any liability to any Person under or in respect of any of the Collateral.

(b) Nothing set forth in this SGR Security Agreement shall impose any obligation on the Collateral Agent or any Secured Party to perform or observe any such term, covenant, condition or agreement on any Grantor's part to be so performed or observed or impose any liability on the Collateral Agent or any Secured Party for any act or omission on the part of such Grantor relating thereto or for any breach of any representation or warranty on the part of such Grantor contained in this SGR Security Agreement, or in respect of the Collateral or made in connection herewith or therewith. This Section 3(b) shall survive the termination of this SGR Security Agreement and the discharge of the Grantors' obligations hereunder and under the Loan Documents.

Section 4. Representations and Warranties. Each Grantor represents and warrants as follows as of the date hereof:

(a) All UCC filings necessary or reasonably requested by the Collateral Agent to create, preserve, protect and perfect the security interests granted by such Grantor to the Collateral Agent for the benefit of the Secured Parties in respect of the Collateral have been accomplished by such Grantor to the extent that such security interests can be perfected by filings under the UCC. Subject to any Intercreditor Agreement and any Other Intercreditor Agreement, the security interests granted to the Collateral Agent for the benefit of the Secured Parties pursuant to this SGR Security Agreement in and to the Collateral

constitute and hereafter at all times shall constitute a perfected security interest therein superior and prior to the rights of all other Persons therein (subject, in the case of priority only, only to Permitted Liens) to the extent such perfection and priority can be obtained by filings under the UCC, and the Collateral Agent is entitled with respect to such perfected security interest to all the rights, priorities and benefits afforded by the UCC to perfected security interests.

(b) There are no filings, registrations or recordings under Title 49 necessary to create, preserve, protect or perfect the security interests granted by such Grantor to the Collateral Agent for the benefit of the Secured Parties in respect of the Collateral.

(c) Such Grantor is, and as to Collateral acquired by it from time to time after the date hereof such Grantor will be, the holder of all such Collateral free from any Lien except for Permitted Liens.

(d) There is no UCC financing statement (or, to the knowledge of such Grantor, any similar statement or instrument of registration of a security interest under the law of any jurisdiction) in effect on the date hereof, covering or purporting to cover any security interest in the Collateral (other than those relating to Permitted Liens).

(e) The chief executive office of such Grantor is located at the address listed opposite such Grantor's name in Schedule I hereto.

(f) With respect to its Pledged Route Authorities relating to the Scheduled Services, such Grantor holds the requisite authority to operate over such Pledged Route Authorities pursuant to Title 49 and all rules and regulations promulgated thereunder, subject only to the regulations of the DOT, the FAA and the applicable Foreign Aviation Authorities and applicable treaties and bilateral and multilateral air transportation agreements, and there exists no material violation by such Grantor of any certificate or order issued by the DOT authorizing such Grantor to operate over such Pledged Route Authorities, the rules and regulations of any applicable Foreign Aviation Authority with respect to such Pledged Route Authorities or the provisions of Title 49 and rules and regulations promulgated thereunder applicable to such Pledged Route Authorities that gives the FAA, DOT or any applicable Foreign Aviation Authority the right to modify in any material respect, terminate, cancel or withdraw the rights of such Grantor in any such Pledged Route Authorities.

(g) Set forth in Schedule II is a true, correct and complete list of the Slots at IATA Level 3 airports as of the last calendar week prior to the date hereof. Set forth in Schedule III is a true, correct and complete list of the Scheduled Services as of the last calendar week prior to the date hereof.

(h) Such Grantor holds each of its Pledged Slots pursuant to authority granted by the applicable Governmental Authorities and Foreign Aviation Authorities, and there exists no material violation by such Grantor of the terms, conditions or limitations of any rule, regulation or order of the applicable Governmental Authorities or Foreign Aviation Authorities regarding such Pledged Slots or any provisions of law applicable to such Pledged Slots that gives any applicable Governmental Authority or Foreign Aviation Authority the right to modify in any material respect, terminate, cancel or withdraw the rights of such Grantor in any such Pledged Slots.

(i) Such Grantor holds each of its Pledged Gate Leaseholds pursuant to authority granted by the applicable Airport Authority or Foreign Aviation Authority, and there exists no material violation by such Grantor of the regulations, terms, conditions or limitations of the relevant Airport Authority or Foreign Aviation Authority applicable to any such Pledged Gate Leasehold or any provision of law applicable to any such Pledged Gate Leasehold that gives any applicable Airport Authority or Foreign Aviation Authority the right to modify in any material respect, terminate, cancel or withdraw the rights of such Grantor in any such Pledged Gate Leasehold.

(j) Such Grantor is an "air carrier" within the meaning of Section 40102 of Title 49 and holds a certificate under Section 41102 of Title 49. Such Grantor holds an air carrier operating certificate issued pursuant to Chapter 447 of Title 49. Such Grantor is a United States Citizen. Such Grantor possesses all necessary certificates, franchises, licenses, permits, rights, designations, authorizations, exemptions, concessions, frequencies and consents of any Governmental Authority which relate to the operation of the Scheduled Services and the conduct of its business and operations as currently conducted, except where failure to so possess would not, individually or in the aggregate, have a Material Adverse Effect.

(k) Such Grantor has full corporate power and authority and legal right to pledge all of the Collateral pursuant to, and as provided in, this SGR Security Agreement.

(l) Except for any Transfer Restriction, the execution, delivery and performance by such Grantor of this SGR Security Agreement do not require the consent, authorization by or approval of or notice to or filing or registration with any Governmental Authority or any other Person, other than (i) the filing of financing statements under the UCC or any continuation statement required or

contemplated to be filed hereby, (ii) such as may be required in order to perfect and register the security interests and liens purported to be created by this SGR Security Agreement, (iii) approvals, consents and exemptions that have been obtained on or prior to the date hereof and remain in full force and effect, (iv) consents, approvals and exemptions that the failure to obtain in the aggregate would not be reasonably expected to result in a Material Adverse Effect and (v) routine reporting obligations.

(m) This SGR Security Agreement is made with full recourse to such Grantor and pursuant to and upon all the warranties, representations, covenants and agreements on the part of such Grantor contained herein.

Section 5. Covenants. Each Grantor covenants and agrees with the Collateral Agent that so long as this SGR Security Agreement is in effect:

(a) Such Grantor shall use commercially reasonable efforts to defend the Collateral against any and all claims and demands of all Persons at any time claiming any interest therein adverse to the Collateral Agent or any Secured Party (other than Permitted Liens); provided that, for the avoidance of doubt, such Grantor's only obligations with respect to any Transfer Restriction described in clause (2) of the first proviso to Section 1 shall be as stated in the second proviso to Section 1.

(b) Such Grantor shall not execute or authorize to be filed in any public office any UCC financing statement (or similar statement or instrument of registration of a security interest under the law of any jurisdiction) relating to the Collateral, except UCC financing statements (or similar statements or instruments of registration of a security interest under the law of any jurisdiction) filed or to be filed in respect of and covering the security interests granted hereby by such Grantor and except with respect to Permitted Liens.

(c) Such Grantor shall give to the Collateral Agent timely written notice (but in any event not later than 30 days prior to the expiration of the period of time specified under applicable law to prevent lapse of perfection) of any (i) change in its jurisdiction of incorporation, or (ii) change in its name, identity or corporate or other organizational structure to such an extent that any UCC financing statement filed by the Collateral Agent in connection with this SGR Security Agreement would become seriously misleading; and such Grantor shall, in each case, provide such other information in connection therewith as the Collateral Agent may reasonably request and shall make all filings under the UCC reasonably requested by the Collateral Agent to maintain the perfection and priority of the security interests of the Collateral Agent on behalf of the Secured Parties in the Collateral intended to be granted hereby.

Section 6. Supplements, Further Assurances.

(a) Any Grantor may, at any time and from time to time, execute and deliver to the Collateral Agent, and upon receipt the Collateral Agent shall execute and deliver, a supplement to this SGR Security Agreement in substantially the form of Exhibit A hereto (each such supplement, an "SGR Security Agreement Supplement") designating any non-stop scheduled air carrier service being operated by such Grantor at such time (each, a "Designated Service") as an additional Scheduled Service, identifying one or more airports (or if applicable, designating airports within a particular region) outside the United States that is an origin and/or destination point for such Designated Service and, if applicable, identifying one or more route authorities to operate such Designated Service as an additional Route Authority. Upon the execution and delivery of such SGR Security Agreement Supplement, (i) each such Designated Service shall be included in the definition of "Scheduled Services", (ii) each such route authority shall be included in the definition of "Route Authorities" and (iii) the Additional Collateral (as defined in such SGR Security Agreement Supplement) shall be Collateral hereunder.

(b) Each Grantor agrees that at any time and from time to time, upon the reasonable request of the Collateral Agent and at the reasonable expense of such Grantor, such Grantor will (i) take, or cause to be taken, such action with respect to the due and timely recording, filing, re-recording and re-filing of any financing statements and any continuation statements under the UCC as are necessary to maintain the perfection of any security interest granted or purported to be granted or intended to be granted hereby, subject, in each case, to Permitted Liens, or (ii) furnish the Collateral Agent with such financing statements and continuation statements, as may be required to enable the Collateral Agent to take such action.

Section 7. Provisions Concerning Collateral.

(a) UCC Financing Statements. Each Grantor hereby authorizes the Collateral Agent, at any time and from time to time, to file or record such UCC financing statements which reasonably describe the Collateral and amendments thereto, in the form provided to it by such Grantor, as may from time to time be required or necessary to grant, continue and maintain a valid, enforceable, first priority security interest in the Collateral as provided herein, subject to Permitted Liens (to the extent such perfection and priority can be obtained by filing a UCC financing statement), all in accordance with the UCC. Each Grantor shall pay any applicable filing fees and other reasonable out-of-pocket expenses related to the filing of such UCC financing statements and amendments thereto. The Collateral Agent hereby authorizes each Grantor to file (i) UCC financing statements and amendments to UCC financing statements filed on or prior to the date hereof in each case adding Collateral pursuant to a SGR Security Agreement Supplement and (ii) continuation statements of any UCC financing statement naming the

Collateral Agent, as secured party, and such Grantor, as debtor, in each case filed pursuant to the terms of this SGR Security Agreement, any SGR Security Agreement Supplement and the other Loan Documents. Notwithstanding the foregoing and for the avoidance of doubt, no Grantor shall be responsible for the filing of any continuation statements of any UCC financing statements referred to herein unless such filing is requested by, and expressly authorized by, the Collateral Agent.

(b) Compliance with Laws and Regulations. Except for matters that would not reasonably be expected to result in a Material Adverse Effect, each Grantor shall comply with all laws, ordinances, orders, rules, regulations, and requirements of all federal, state, municipal or other governmental or quasi-governmental authorities or bodies including, without limitation, Foreign Aviation Authorities, then applicable to the Collateral (or any part thereof) and/or the use thereof by such Grantor, of every nature and kind (the "Requirements"), whether or not such Requirements shall now exist or shall hereafter be enacted or promulgated and whether or not the same may be said to be within the present contemplation of the parties hereto. Notwithstanding the foregoing, if any Grantor in good faith contests a Requirement, it shall not be obligated to comply with such Requirement to the extent such non-compliance or deferral is consistent with law and does not have a Material Adverse Effect.

(c) Notice of Violations. Each Grantor agrees to give the Collateral Agent notice of any violations of any Requirement with respect to the Collateral or such Grantor's use thereof that may reasonably be expected to have a Material Adverse Effect within fifteen (15) Business Days after a Responsible Officer of such Grantor obtains knowledge of such violation.

(d) Disposition of Collateral. Any or all of the Collateral may be sold, leased, conveyed, transferred or otherwise disposed of by any Grantor, subject to the terms of the Credit Agreement and each applicable Intercreditor Agreement and Other Intercreditor Agreement.

Section 8. Collateral Agent Appointed Attorney-in-Fact. The Grantors hereby appoint the Collateral Agent as each Grantor's attorney-in-fact, with full authority in the place and stead of each Grantor and in the name of each Grantor or otherwise, from time to time in the Collateral Agent's discretion, upon the occurrence and during the continuation of an Event of Default, and in accordance with and subject to any Intercreditor Agreement and any Other Intercreditor Agreement, to take any action and to execute any instrument which the Collateral Agent may reasonably deem necessary or advisable to accomplish the purposes of this SGR Security Agreement, which appointment as attorney-in-fact is coupled with an interest.

Section 9. Collateral Agent May Perform. If any Grantor fails to perform any agreement contained herein within a reasonable time after receipt of a written request to do so from the Collateral Agent, upon two (2) Business Days prior written notice the Collateral Agent may itself perform, or cause performance of, such agreement, and the reasonable expenses of the Collateral Agent, including, without limitation, the reasonable fees and out-of-pocket expenses of its counsel, incurred in connection therewith, shall be payable by the Borrower in accordance with Section 10.04 of the Credit Agreement and shall constitute Obligations.

Section 10. The Collateral Agent. Each Grantor acknowledges that the rights and responsibilities of the Collateral Agent under this SGR Security Agreement with respect to any action taken by the Collateral Agent or the exercise or non-exercise by the Collateral Agent of any option, voting right, request, judgment or other right or remedy provided for herein or resulting or arising out of this SGR Security Agreement or any amendment, supplement or other modification of this SGR Security Agreement shall, as between the Collateral Agent and the Secured Parties, be governed by the Credit Agreement and by such other agreements with respect thereto as may exist from time to time among them, but, as between the Collateral Agent and each Grantor, the Collateral Agent shall be conclusively presumed to be acting as agent for the Secured Parties with full and valid authority so to act or refrain from acting, and no Grantor shall be under any obligation, or entitlement, to make any inquiry respecting such authority.

Section 11. Events of Default, Remedies.

(a) Remedies: Obtaining the Collateral Upon Event of Default. In each case, subject to the requirements of applicable law (including without limitation the UCC and Title 49) and subject to the approval of all necessary Governmental Authorities, Foreign Aviation Authorities and Airport Authorities, if any Event of Default shall have occurred and be continuing, then and in every such case, the Collateral Agent may, subject to any Intercreditor Agreement and any Other Intercreditor Agreement, at any time or from time to time during the continuance of such Event of Default:

(i) Declare the entire right, title and interest of any Grantor in and to the Collateral vested, in which event such right, title and interest shall immediately vest in the Collateral Agent, in which case such Grantor agrees to execute and deliver such deeds of conveyance, assignments and other documents or instruments (including any notices or applications to the DOT, the FAA, applicable Foreign Aviation Authorities, Governmental Authorities or Airport Authorities having jurisdiction over any such Collateral or the use thereof) as shall be requested by the Collateral Agent in order to effectuate the transfer of such Collateral, together with copies of the certificates or orders issued by the DOT and the Foreign Aviation Authorities representing same and any other rights of such Grantor with respect thereto, to any designee or designees selected by the

Collateral Agent and approved by all necessary Governmental Authorities, Foreign Aviation Authorities and Airport Authorities (provided that if any of the foregoing is not permitted under applicable law or by the DOT or applicable Governmental Authority, Foreign Aviation Authority and/or Airport Authority, the Collateral Agent for the benefit of the Secured Parties shall nevertheless continue to have all of such Grantor's right, title and interest in and to all of the Proceeds (of any kind) received or to be received by such Grantor upon the transfer or other disposition of such Collateral); it being understood that each Grantor's obligation to deliver such Collateral and such documents and instruments with respect thereto, subject to the aforesaid limitations, is of the essence of this SGR Security Agreement; and

(ii) Sell or otherwise liquidate, or direct any Grantor to sell or otherwise liquidate, any or all of the Collateral or any part thereof and take possession of the Proceeds of any such sale or liquidation.

(b) Remedies; Disposition of the Collateral. In each case, subject to the requirements of applicable law (including without limitation the UCC and Title 49), subject to the Credit Agreement, and subject to any Intercreditor Agreement and any Other Intercreditor Agreement, and subject to the approval of all necessary Governmental Authorities, Foreign Aviation Authorities and Airport Authorities, if any Event of Default shall have occurred and be continuing:

(i) (A) the Collateral Agent may from time to time exercise in respect of the Collateral, in addition to other rights and remedies provided for herein or otherwise available to it, and all the rights and remedies of a secured party on default under the UCC at the time of such Event of Default, and the Collateral Agent may also in its sole discretion, without notice except as specified below, sell the Collateral or any part thereof in one or more parcels at public or private sale, at any exchange, broker's board or at any of the Collateral Agent's offices or elsewhere, for cash, on credit or for future delivery, and at such price or prices and upon such other terms as the Collateral Agent may deem commercially reasonable, (B) the Collateral Agent or any other Secured Party may be the purchasers of any or all of the Collateral at any such sale and shall be entitled, for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Collateral sold at such sale, to use and apply any of the Obligations owed to such Person as a credit on account of the purchase price of any Collateral payable by such Person at such sale, (C) each purchaser at any such sale shall acquire the property sold absolutely free from any claim or right on the part of any Grantor, and each Grantor hereby waives, to the fullest extent permitted by law, all rights of redemption, stay or appraisal which it now has or may at any time in the future have under any rule of law or statute now existing or hereafter enacted, (D) each Grantor agrees that, to the extent notice of sale shall

be required by law, at least ten (10) days' notice to the Borrower of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification, (E) the Collateral Agent shall not be obligated to make any sale of Collateral regardless of notice of sale having been given, (F) the Collateral Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned and (G) each Grantor hereby waives, to the full extent permitted by law, any claims against the Collateral Agent arising by reason of the fact that the price at which any Collateral may have been sold at such a private sale was less than the price which might have been obtained at a public sale;

(ii) (A) except as otherwise provided herein, each Grantor hereby waives, to the fullest extent permitted by applicable law: (w) notice or judicial hearing in connection with the Collateral Agent's taking possession or the Collateral Agent's disposition of any of the Collateral, including, without limitation, any and all prior notice and hearing for any prejudgment remedy or remedies and any such right which such Grantor would otherwise have under law; (x) all damages occasioned by such taking of possession; (y) all other requirements as to the time, place and terms of sale or other requirements with respect to the enforcement of the Collateral Agent's rights hereunder; and (z) all rights of redemption, appraisement, valuation, stay, extension or moratorium now or hereafter in force under any applicable law and (B) any sale of, or the grant of options to purchase, or any other realization upon, any Collateral shall operate to divest all right, title, interest, claim and demand, either at law or in equity, of any Grantor therein and thereto, and shall be a perpetual bar both at law and in equity against any Grantor and against any and all Persons claiming or attempting to claim the Collateral so sold, optioned or realized upon, or any part thereof, from, through and under each Grantor; and

(iii) With respect to any Collateral, in connection with any foreclosure, collection, sale or other enforcement of Liens granted to the Collateral Agent in this SGR Security Agreement, each Grantor will reasonably cooperate in good faith with the Collateral Agent in transferring the right to use such Collateral to any designee of the Collateral Agent that is an air carrier or any other Person otherwise permitted to hold and use properties or rights as such Collateral and will, at the reasonable request of the Collateral Agent and in good faith, continue to operate and manage such Collateral and maintain such Grantor's applicable regulatory licenses with respect to such Collateral until such time as such designee obtains such licenses and governmental approvals as may be necessary or (in the reasonable opinion of the Collateral Agent or its designee specified above) advisable to conduct aviation operations with respect to such Collateral.

Section 12. Non-Lender Secured Parties.

(a) Rights to Collateral.

(i) The Non-Lender Secured Parties shall not have any right whatsoever to do any of the following: (A) exercise any rights or remedies with respect to the Collateral or to direct the Collateral Agent to do the same, including, without limitation, the right to (1) enforce any Liens or sell or otherwise foreclose on any portion of the Collateral, (2) request any action, institute any proceedings, exercise any voting rights, give any instructions, make any election or make collections with respect to all or any portion of the Collateral or (3) release any Grantor under this SGR Security Agreement or release any Collateral from the Liens of any Collateral Document or consent to or otherwise approve any such release; (B) demand, accept or obtain any Lien on any Collateral (except for Liens arising under, and subject to the terms of, this SGR Security Agreement); (C) vote in any Bankruptcy Case or similar proceeding in respect of Parent or any of its Subsidiaries (any such proceeding, for purposes of this clause (i), a "Bankruptcy") with respect to, or take any other actions concerning the Collateral; (D) receive any proceeds from any sale, transfer or other disposition of any of the Collateral (except in accordance with this SGR Security Agreement); (E) oppose any sale, transfer or other disposition of the Collateral; (F) object to any debtor-in-possession financing in any Bankruptcy which is provided by one or more Lenders among others (including on a priming basis under Section 364(d) of the Bankruptcy Code); (G) object to the use of cash collateral in respect of the Collateral in any Bankruptcy; or (H) seek, or object to the Lenders, the Administrative Agent or the Collateral Agent seeking on an equal and ratable basis, any adequate protection or relief from the automatic stay with respect to the Collateral in any Bankruptcy.

(ii) Each Non-Lender Secured Party, by its acceptance of the benefits of this SGR Security Agreement and the other Collateral Documents, agrees that in exercising rights and remedies with respect to the Collateral, the Collateral Agent and the Lenders, with the consent of the Collateral Agent, may enforce the provisions of the Collateral Documents and exercise remedies thereunder and under any other Loan Documents (or refrain from enforcing rights and exercising remedies), all in such order and in such manner as they may determine in the exercise of their sole business judgment and subject to the terms of any Intercreditor Agreement and any Other Intercreditor Agreement. Such exercise and enforcement shall include, without limitation, the rights to collect, sell, dispose of or otherwise realize upon all or any part of the Collateral, to incur expenses in connection with such collection, sale, disposition or other realization and to exercise all the rights and remedies of a secured lender under the UCC. The Non-Lender Secured Parties by their acceptance of the benefits of this SGR

Security Agreement and the other Collateral Documents hereby agree not to contest or otherwise challenge any such collection, sale, disposition or other realization of or upon all or any of the Collateral. Whether or not a Bankruptcy Case has been commenced, the Non-Lender Secured Parties shall be deemed to have consented to any sale or other disposition of any property, business or assets of Parent or any of its Subsidiaries and the release of any or all of the Collateral from the Liens of any Collateral Document in connection therewith.

(iii) Notwithstanding any provision of this Section 12(a), the Non-Lender Secured Parties shall be entitled, subject to any Intercreditor Agreement and any Other Intercreditor Agreement, to file any necessary responsive or defensive pleadings in opposition to any motion, claim, adversary proceeding or other pleadings (A) in order to prevent any Person from seeking to foreclose on the Collateral or supersede the Non-Lender Secured Parties' claim thereto or (B) in opposition to any motion, claim, adversary proceeding or other pleading made by any Person objecting to or otherwise seeking the disallowance of the claims of the Non-Lender Secured Parties. Each Non-Lender Secured Party, by its acceptance of the benefits of this SGR Security Agreement, agrees to be bound by and to comply with any Intercreditor Agreement and any Other Intercreditor Agreement and authorizes the Collateral Agent to enter into the Intercreditor Agreements and Other Intercreditor Agreements on its behalf.

(iv) Each Non-Lender Secured Party, by its acceptance of the benefits of this SGR Security Agreement, agrees that the Collateral Agent and the Lenders may deal with the Collateral, including any exchange, taking or release of Collateral, may change or increase the amount of the Obligations, and may release any Grantor from its Obligations hereunder, all without any liability or obligation (except as may be otherwise expressly provided herein) to the Non-Lender Secured Parties.

(b) Appointment of Agent. Each Non-Lender Secured Party, by its acceptance of the benefits of this SGR Security Agreement and the other Collateral Documents, shall be deemed irrevocably to make, constitute and appoint the Collateral Agent, as agent under the Credit Agreement (and all officers, employees or agents designated by the Collateral Agent) as such Person's true and lawful agent and attorney-in-fact, and in such capacity, the Collateral Agent shall have the right, with power of substitution for the Non-Lender Secured Parties and in each such Person's name or otherwise, to effectuate any sale, transfer or other disposition of the Collateral. It is understood and agreed that the appointment of the Collateral Agent as the agent and attorney-in-fact of the Non-Lender Secured Parties for the purposes set forth herein is coupled with an interest and is irrevocable. It is understood and agreed that the Collateral Agent has appointed the Administrative Agent as its agent for purposes of perfecting certain of the security interests created hereunder and for otherwise carrying out certain of its obligations hereunder.

(c) Waiver of Claims. To the maximum extent permitted by law, each Non-Lender Secured Party waives any claim it might have against the Collateral Agent or the Lenders with respect to, or arising out of, any action or failure to act or any error of judgment, negligence, or mistake or oversight whatsoever on the part of the Collateral Agent or the Lenders or their respective directors, officers, employees or agents with respect to any exercise of rights or remedies under the Loan Documents or any transaction relating to the Collateral (including, without limitation, any such exercise described in Section 12(a)(ii)), except for any such action or failure to act that constitutes willful misconduct or gross negligence of such Person. To the maximum extent permitted by applicable law, none of the Collateral Agent or any Lender or any of their respective directors, officers, employees or agents shall be liable for failure to demand, collect or realize upon any of the Collateral or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any Collateral upon the request of Parent, any Subsidiary of Parent, any Non-Lender Secured Party or any other Person or to take any other action or forbear from doing so whatsoever with regard to the Collateral or any part thereof, except for any such action or failure to act that constitutes willful misconduct or gross negligence of such Person.

Section 13. Application of Proceeds.

(a) Any cash held by the Collateral Agent as Collateral and all cash Proceeds received (including a distribution of Collateral in connection with any Bankruptcy Case or similar proceeding) by the Collateral Agent in respect of any sale of, collection from, or other realization upon all or any part of the Collateral pursuant to the exercise by the Collateral Agent of its remedies as a secured creditor as provided in Section 11 of this SGR Security Agreement shall, subject to the terms of any Intercreditor Agreement and any Other Intercreditor Agreement, be applied from time to time by the Collateral Agent in accordance with the terms of the Credit Agreement.

(b) It is understood that, to the extent permitted by applicable law, each Grantor shall remain liable to the extent of any deficiency between the amount of the Proceeds of the Collateral and the aggregate amount of the outstanding Obligations.

Section 14. No Waiver; Discontinuance of Proceeding.

(a) Each and every right, power and remedy hereby specifically given to the Collateral Agent or otherwise in this SGR Security Agreement shall be cumulative and shall be in addition to every other right, power and remedy specifically given under this SGR Security Agreement or the other Loan Documents now or hereafter existing at law, in equity or by statute and each and every right, power and remedy whether specifically

herein given or otherwise existing may be exercised from time to time or simultaneously and as often and in such order as may be deemed expedient by the Collateral Agent. All such rights, powers and remedies shall be cumulative and the exercise or the beginning of the exercise of one shall not be deemed a waiver of the right to exercise any other or others. No delay or omission of the Collateral Agent in the exercise of any such right, power or remedy and no renewal or extension of any of the Obligations shall impair any such right, power or remedy or shall be construed to be a waiver of any default or Event of Default or an acquiescence therein. No notice to or demand on any Grantor in any case shall entitle it to any other or further notice or demand in similar or other circumstances or constitute a waiver of any of the rights of the Collateral Agent to any other or further action in any circumstances without notice or demand. In the event that the Collateral Agent shall bring any suit to enforce any of its rights hereunder and shall be entitled to judgment, then in such suit the Collateral Agent may recover reasonable out-of-pocket expenses, including reasonable attorneys' fees, and the amounts thereof shall be included in such judgment.

(b) In the event the Collateral Agent shall have instituted any proceeding to enforce any right, power or remedy under this SGR Security Agreement by foreclosure, sale, entry or otherwise, and such proceeding shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Collateral Agent, then and in every such case each Grantor, the Collateral Agent and each Secured Party shall, to the extent permitted by applicable law, be restored to their respective former positions and rights hereunder with respect to the Collateral, and all rights, remedies and powers of the Collateral Agent and the Secured Parties shall continue as if no such proceeding had been instituted.

Section 15. Amendments, etc. This SGR Security Agreement may not be amended, modified or waived except with the written consent of each Grantor and the Collateral Agent (who shall act pursuant to and in accordance with the terms of Section 10.08 of the Credit Agreement); provided that unless separately agreed in writing between each Grantor and any Non-Lender Secured Party, no such waiver and no such amendment or modification shall amend, modify or waive Section 12 (or the definition of "Non-Lender Secured Party" or "Secured Party" to the extent relating thereto) if such waiver, amendment, or modification would disproportionately directly and adversely affect a Non-Lender Secured Party as compared to the Lenders without the written consent of such affected Non-Lender Secured Party. Any amendment, modification or supplement of or to any provision of this SGR Security Agreement, any termination or waiver of any provision of this SGR Security Agreement and any consent to any departure by any Grantor from the terms of any provision of this SGR Security Agreement shall be effective only in the specific instance and for the specific purpose for which made or given. No notice to or demand upon any Grantor in any instance hereunder shall entitle such Grantor to any other or further notice or demand in similar or other circumstances. For the avoidance of doubt, it is understood and agreed that any

amendment, amendment and restatement, waiver, supplement or other modification of or to any Intercreditor Agreement or any Other Intercreditor Agreement that would have the effect, directly or indirectly, through any reference herein to any Intercreditor Agreement or any Other Intercreditor Agreement or otherwise, of waiving, amending, supplementing or otherwise modifying this SGR Security Agreement, or any term or provision hereof, or any right or obligation of any Grantor hereunder or in respect hereof, shall not be given such effect except pursuant to a written instrument executed by such Grantor and the Collateral Agent in accordance with this Section 15. Notwithstanding the foregoing, the Grantors may cause the Schedules hereto to be amended, supplemented or otherwise modified without the consent of any Person in order to (i) evidence the addition of Collateral pursuant to Section 6(a) or the release of Collateral pursuant to Section 16, or (ii) otherwise evidence the release or addition of Collateral in accordance with this SGR Security Agreement and the Credit Agreement; provided that, in the case of the addition or release of any Collateral consisting of Route Authorities, the Borrower shall, at the written request of the Collateral Agent, promptly amend, supplement or otherwise modify Schedule III to reflect such addition or release.

Section 16. Termination; Release.

(a) At such time as the Obligations (other than any contingent indemnification Obligations for which no demand has been made and any Obligations owing to a Non-Lender Secured Party) then due and owing shall have been paid in full, the Commitments under the Credit Agreement have been terminated and no Letters of Credit shall be outstanding (except for Letters of Credit that have been cash collateralized or otherwise provided for in a manner reasonably satisfactory to the Administrative Agent), all Collateral shall be automatically released from the Liens created hereby, and this SGR Security Agreement and all obligations (other than those expressly stated to survive such termination) of the Collateral Agent and each Grantor shall automatically terminate, all without delivery of any instrument or performance of any act by any party, and all rights to the Collateral shall revert to the applicable Grantor. At the request and sole expense of any Grantor following any such termination, the Collateral Agent shall promptly execute, acknowledge and deliver to such Grantor such releases, instruments or other documents (including without limitation UCC termination statements), and do or cause to be done all other acts, as such Grantor shall reasonably request to evidence such termination.

(b) Upon any Permitted Disposition of Collateral (whether by way of the sale of assets or the sale of Capital Stock of a Grantor of Collateral) of the type described in items (1), (2) (provided the requirements set forth in the first proviso to such section are satisfied), (4) and (5) of the definition of "Permitted Disposition" or any other type of Permitted Disposition involving divestiture of any Grantor's title to the related Collateral under the Credit Agreement, the Lien pursuant to this SGR Security Agreement on such sold or disposed of Collateral shall be automatically released. In connection with any other Disposition of Collateral not covered by the preceding sentence (whether by way of

the sale of assets or the sale of Capital Stock of a Grantor of such Collateral) permitted under the Credit Agreement, the Collateral Agent shall, upon receipt from such Grantor of a written request for the release of the Collateral subject to such sale or other disposition (or in the case of a sale of Capital Stock of such Grantor, the release of such Grantor's Collateral), at such Grantor's sole cost and expense, promptly execute, acknowledge and deliver to such Grantor such releases, instruments or other documents (including without limitation UCC termination statements), and do or cause to be done all other acts, as such Grantor shall reasonably request to evidence or effect the release of the Liens created hereby (if any) on such Collateral.

(c) For the avoidance of doubt, (i) if any Slot ceases to be included in the Collateral because it ceases to be actually utilized in connection with the Scheduled Services or any Gate Leasehold ceases to be included in the Collateral because it ceases to be used for servicing the Scheduled Services relating to the airport at which such Gate Leasehold is located, such Slot or Gate Leasehold shall be automatically released from the Lien of this SGR Security Agreement and (ii) subject to clause (1) of the first proviso to Section 1 hereof, if any FAA Slot or Foreign Slot now held or hereafter acquired by any Grantor becomes an FAA Route Slot or Foreign Route Slot, respectively, or any right, title, privilege, interest and authority now held or hereafter acquired by such Grantor in connection with the right to use or occupy space in an airport terminal becomes a Gate Leasehold, such FAA Slot, Foreign Slot or right, title, privilege, interest and authority shall be automatically subject to the Lien of this SGR Security Agreement.

(d) [Reserved].

(e) Upon the release of any Grantor from its guarantee of the Obligations pursuant to Section 9.05 of the Credit Agreement, such Grantor shall cease to be a Grantor hereunder and the items of Collateral owned by such Grantor shall be released from the Lien and security interest granted hereby, and in connection therewith, the Collateral Agent will, at the applicable Grantor's expense, execute and deliver to such Grantor such documents as it shall reasonably request (without recourse and without any representation or warranty), including, without limitation, any UCC termination statements and any amendment or modification of this SGR Security Agreement pursuant to a SGR Security Agreement Supplement or otherwise, to evidence the release of such Grantor and such Grantor's Collateral from the Lien and security interest granted hereby and reassignment of all right, title and interest of the Collateral Agent in all of such Grantor's Collateral to such Grantor. For the avoidance of doubt, upon any merger or consolidation pursuant to Section 6.10(b) of the Credit Agreement, the Collateral shall not be released pursuant to this Section 16(e) so long as following such merger or consolidation, the surviving entity is another Grantor party to this SGR Security Agreement.

(f) Upon the direction of the Borrower pursuant to and in accordance with Section 6.09(c) of the Credit Agreement, such items of Collateral as may be specified by the Borrower shall be released from the Lien and security interest granted hereby, and in connection therewith, the Collateral Agent will, at the applicable Grantor's expense, execute and deliver to such Grantor such documents as it shall reasonably request (without recourse and without any representation or warranty), including, without limitation, any UCC termination statements and any amendment or modification of this SGR Security Agreement pursuant to a SGR Security Agreement Supplement or otherwise, to evidence the release of such items of Collateral from the Lien and security interest granted hereby and reassignment of all right, title and interest of the Collateral Agent in all of such Grantor's specified Collateral to such Grantor.

(g) If the Borrower or any other Grantor requests release documentation with respect to any Collateral released as provided in this Section 16, including UCC termination statements or other release-related documentation, the Borrower or other Grantor requesting such documentation shall deliver to the Collateral Agent an Officer's Certificate stating that the release of such Grantor's respective Collateral that is to be evidenced by such UCC termination statements or other instruments is permitted pursuant to this Section 16 and the relevant provisions of the Credit Agreement (provided that an Officer's Certificate delivered to the Administrative Agent pursuant to Section 6.09(c) of the Credit Agreement shall be deemed to satisfy the requirements of this clause (g)). The Collateral Agent shall have no liability whatsoever to any Secured Party as the result of any release of Collateral by it as permitted by this Section 16.

Section 17. Definitions; Rules of Interpretation.

(a) Defined Terms. The following terms shall have the following meanings:

"Additional Agent" shall have the meaning provided in the Intercreditor Agreement.

"Additional Collateral Documents" shall have the meaning provided in the Intercreditor Agreement.

"Additional Credit Facility Secured Parties" shall have the meaning provided in the Intercreditor Agreement.

"Additional Obligations" shall have the meaning provided in the Intercreditor Agreement.

"Administrative Agent" shall have the meaning provided in the Credit Agreement.

"Airport Authority" shall have the meaning provided in the Credit Agreement.

"Banking Product Provider" shall mean any Person that has entered into a Designated Banking Product Agreement with Parent or the Grantor.

"Bankruptcy Case" shall mean (a) pursuant to or within the meaning of Bankruptcy Law, (i) a voluntary case commenced by Parent or any of its Subsidiaries, (ii) an involuntary case in which Parent or any of its Subsidiaries consent to the entry of an order for relief against it, (iii) an appointment consented to by Parent or any of its Subsidiaries of a custodian of it or for all or substantially all of its property, (iv) the making of a general assignment for the benefit of its creditors by Parent or any of its Subsidiaries or (v) the admission in writing of Parent's or any of its Subsidiaries' inability generally to pay its debts or (b) an order or decree under any Bankruptcy Law entered by a court of competent jurisdiction that (i) is for relief against Parent or any of its Subsidiaries in an involuntary case, (ii) appoints a custodian of Parent or any of its Subsidiaries for all or substantially all of the property of Parent or any of its Subsidiaries, (iii) orders the liquidation of Parent or any of its Subsidiaries, and in each case of this clause (b) the order or decree remains unstayed and in effect for 60 consecutive days.

"Bankruptcy Code" shall have the meaning provided in the Credit Agreement.

"Bankruptcy Law" shall have the meaning provided in the Credit Agreement.

"Business Day" shall have the meaning provided in the Credit Agreement.

"Capital Stock" shall have the meaning provided in the Credit Agreement.

"Closing Date shall have the meaning provided in the Credit Agreement.

"Collateral" shall have the meaning provided in Section 1 hereof.

"Collateral Agent" shall have the meaning provided in the preamble hereof.

"Collateral Documents" shall have the meaning provided in the Credit Agreement.

"Commitments" shall have the meaning provided in the Credit Agreement.

"Credit Agreement" shall have the meaning provided in the recitals hereof.

"Designated Banking Product Agreement" shall have the meaning provided in the Credit Agreement.

"Designated Hedging Agreement" shall have the meaning provided in the Credit Agreement.

"Designated Service" shall have the meaning provided in Section 6(a) hereof.

"Discharge of Additional Obligations" shall have the meaning provided in the Intercreditor Agreement.

"DOT" shall have the meaning provided in the Credit Agreement.

"Event of Default" shall have the meaning provided in the Credit Agreement.

"FAA" shall have the meaning provided in the Credit Agreement.

"FAA Route Slot" shall have the meaning provided in the Credit Agreement.

"FAA Slot" shall have the meaning provided in the Credit Agreement.

"Foreign Aviation Authority" shall have the meaning provided in the Credit Agreement.

"Foreign Route Slot" shall have the meaning provided in the Credit Agreement.

"Foreign Slot" shall have the meaning provided in the Credit Agreement.

"Gate Leasehold" shall have the meaning provided in the Credit Agreement.

"General Intangible" shall have the meaning provided in the NY UCC.

"Governmental Authority" shall have the meaning provided in the Credit Agreement.

"Grantor" shall have the meaning provided in the preamble hereof.

"Hedging Provider" shall mean any Person that has entered into a Designated Hedging Agreement with Parent or the Grantor.

"Indebtedness" shall have the meaning provided in the Credit Agreement.

"Intercreditor Agreement" shall have the meaning provided in the Credit Agreement.

"Joinder Agreement" shall mean a Joinder Agreement to this SGR Security Agreement, substantially in the form of Exhibit B hereto.

"Lenders" shall have the meaning provided in the recitals hereof.

"Letter of Credit" shall have the meaning provided in the Credit Agreement.

"Liens" shall have the meaning provided in the Credit Agreement.

"Loan Documents" shall have the meaning provided in the Credit Agreement.

"Material Adverse Effect" shall have the meaning provided in the Credit Agreement.

"Non-Lender Secured Parties" shall mean, collectively, all Banking Product Providers and Hedging Providers and their respective successors, assigns and transferees. For the avoidance of doubt, "Non-Lender Secured Parties" shall exclude Banking Product Providers and Hedging Providers in their capacities as Lenders, if applicable.

"NY UCC" shall mean the Uniform Commercial Code, as in effect in the state of New York from time to time.

"Obligations" shall have the meaning provided in the Credit Agreement. For the avoidance of doubt, "Obligations" does not include any Indebtedness or other obligations under any Pari Passu Notes (as defined in the Credit Agreement).

"Officer's Certificate" shall have the meaning provided in the Credit Agreement.

"Other Intercreditor Agreement" shall have the meaning provided in the Credit Agreement.

"Parent" shall have the meaning provided in the recitals hereof.

"Permitted Disposition" shall have the meaning provided in the Credit Agreement.

"Permitted Liens" shall have the meaning provided in the Credit Agreement.

"Person" shall have the meaning provided in the Credit Agreement.

"Pledged Gate Leaseholds" shall have the meaning provided in the Credit Agreement.

"Pledged Route Authorities" shall have the meaning provided in the Credit Agreement.

"Pledged Slots" shall have the meaning provided in the Credit Agreement.

"Proceeds" shall have the meaning assigned to that term under the NY UCC or under other relevant law and, in any event, shall include, but not be limited to, any and all (i) proceeds of any insurance, indemnity, warranty or guarantee payable to the Collateral Agent or to any Grantor from time to time with respect to physical damage to any of the Collateral, (ii) payments (in any form whatsoever), made or due and payable to any Grantor from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of all or any part of the Collateral by any Governmental Authority (or any Person acting under color of Governmental Authority), and (iii) instruments representing obligations to pay amounts to any Grantor in respect of the Collateral.

"Requirements" shall have the meaning provided in Section 7(b) hereof.

"Responsible Officer" shall have the meaning provided in the Credit Agreement.

"Route Authorities" shall mean, at any time of determination, any route authority identified in Schedule III hereto as such Schedule may be amended or modified from time to time pursuant to Sections 6(a) or 15 hereof or any SGR Security Agreement Supplement, as applicable, as the route authority with respect to any additional Scheduled Service being designated by this SGR Security Agreement or such SGR Security Agreement Supplement, as applicable, and "Route Authority" shall have the meaning provided in the Credit Agreement.

"Scheduled Services" shall mean, at any time of determination, (i) each non-stop scheduled air carrier service being operated by a Grantor, in each case,

as identified in Schedule III hereto (as such Schedule may be amended or modified from time to time pursuant to Sections 6(a) or 15 hereof) and (ii) any other non-stop scheduled air carrier service being operated by a Grantor at such time that has been designated as an additional "Scheduled Service" pursuant to any SGR Security Agreement Supplement, and "Scheduled Service" shall mean any of such Scheduled Services as the context requires.

"Secured Parties" shall have the meaning provided in the Credit Agreement.

"Senior Priority Obligations" shall have the meaning provided in the Intercreditor Agreement.

"Senior Priority Representative" shall have the meaning provided in the Intercreditor Agreement.

"SGR Security Agreement" shall have the meaning provided in the preamble hereof.

"SGR Security Agreement Supplement" shall have the meaning provided in Section 6(a) hereof.

"Slots" shall have the meaning provided in the Credit Agreement.

"Temporary FAA Slot" shall have the meaning provided in the Credit Agreement.

"Temporary Foreign Slot" shall have the meaning provided in the Credit Agreement.

"Title 14" shall have the meaning provided in the Credit Agreement.

"Title 49" shall have the meaning provided in the Credit Agreement.

"Transfer Restriction" shall have the meaning provided in Section 1 hereof.

"UCC" shall mean the Uniform Commercial Code, as in effect from time to time in any applicable jurisdiction.

"United States Citizen" shall have the meaning provided in the Credit Agreement.

(b) Rules of Interpretation. The parties to this SGR Security Agreement agree that the rules of interpretation set out in Section 1.02 of the Credit Agreement shall apply to this SGR Security Agreement *mutatis mutandis* as if set out in this SGR Security Agreement.

Section 18. Notices.

(a) Except in the case of notices and other communications expressly permitted to be given by telephone (and subject to paragraph (b) below), all notices and other communications provided for herein shall be in writing (including by facsimile or electronic mail), and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile, as follows:

(i) if to any Grantor, to it at the notice address provided for such Grantor in Schedule I hereto; and

(ii) if to Citibank, N.A., as Collateral Agent, to it at [●], facsimile[●]; email: [●]; Attention: [●].

(b) The Collateral Agent or any Grantor may, in its reasonable discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

(c) Any party hereto may change its address or facsimile number for notices and other communications hereunder by notice to the other parties hereto. All notices and other communications given to any party hereto in accordance with the provisions of this SGR Security Agreement shall be deemed to have been given on the date of receipt.

Section 19. Continuing Security Interest; Transfer of Indebtedness. This SGR Security Agreement shall create a continuing security interest in the Collateral and shall (i) remain in full force and effect until the termination of this SGR Security Agreement in accordance with Section 16(a), (ii) be binding upon each Grantor, its successors and assigns, and (iii) inure, together with the rights and remedies of the Collateral Agent hereunder, to the benefit of the Collateral Agent and each other Secured Party and each of their respective successors, permitted transferees and permitted assigns; no other persons (including, without limitation, any other creditor of any Grantor) shall have any interest herein or any right or benefit with respect hereto. Without limiting the generality of the foregoing clause (iii) and subject to the provisions of the applicable Loan Documents (including any Intercreditor Agreement and any Other Intercreditor Agreement), any Secured Party may assign or otherwise transfer any indebtedness held by it secured by this SGR Security Agreement to any other Person, and following such assignment or transfer, the Collateral Agent shall hold the security interest and mortgage of this SGR

Security Agreement for the benefit of such other Person, subject, however, to the provisions of the applicable Loan Documents (including any Intercreditor Agreement and any Other Intercreditor Agreement).

Section 20. Governing Law. **THIS SCHEDULED SERVICES SGR SECURITY AGREEMENT HAS BEEN DELIVERED IN THE STATE OF NEW YORK, AND THIS SCHEDULED SERVICES SGR SECURITY AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS SCHEDULED SERVICES SGR SECURITY AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.**

Section 21. Waiver of Jury Trial. **EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS SCHEDULED SERVICES SGR SECURITY AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS SCHEDULED SERVICES SGR SECURITY AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 21.**

Section 22. Consent to Jurisdiction and Service of Process.

(a) Each party hereto hereby irrevocably and unconditionally submits, for itself and its property in any legal action or proceeding relating to this SGR Security Agreement and the other Loan Documents to which it is a party, to the exclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York and appellate courts from either of them and any appellate court from any thereof, in any action or proceeding arising out of or relating to this SGR Security Agreement, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State court or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall, to the extent permitted by law, be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

(b) Each party hereto hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this SGR Security Agreement in any court referred to in Section 21(a). Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(c) Each party hereto hereby irrevocably and unconditionally consents to service of process in the manner provided for notices in Section 18. Nothing in this SGR Security Agreement will affect the right of any party to this SGR Security Agreement to serve process in any other manner permitted by law.

Section 23. Security Interest Absolute. To the extent permitted by applicable law, the obligations of the Grantors hereunder shall remain in full force and effect without regard to, and shall not be impaired by (a) any bankruptcy, insolvency, reorganization, arrangement, readjustment, composition, liquidation or the like of any Grantor, except to the extent that the enforceability thereof may be limited by any such event; (b) any exercise or non-exercise, or any waiver of any right, remedy, power or privilege under or in respect of this SGR Security Agreement or any other Loan Documents, except as specifically set forth in a waiver granted pursuant to Section 15; (c) any lack of validity or enforceability of the Liens granted hereunder; or (d) any other circumstances which might otherwise constitute a defense available to, or a discharge of, any Grantor (other than payment or performance in accordance with the terms of the Loan Documents (including any Intercreditor Agreement and any Other Intercreditor Agreement)).

Section 24. Severability of Provisions. To the extent permitted by applicable law, any provision of this SGR Security Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

Section 25. Headings. Section headings used herein are for convenience only and are not to affect the construction of or be taken into consideration in interpreting this SGR Security Agreement.

Section 26. Execution in Counterparts. This SGR Security Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this SGR Security Agreement by facsimile or electronic .pdf copy shall be effective as delivery of a manually executed counterpart of this SGR Security Agreement.

Section 27. Additional Grantors. If, at the option of the Borrower or as required pursuant to Section 5.09 of the Credit Agreement, the Borrower shall cause any Affiliate that is not a Grantor to become a Grantor hereunder, such Affiliate shall execute and deliver to the Collateral Agent a Joinder Agreement substantially in the form of Exhibit B and shall thereafter for all purposes be a party hereto and have the same rights, benefits and obligations as a Grantor party hereto on the date hereof, it being understood that Section 1 shall apply to, and the representations and warranties contained in Section 4 shall be made by, such Affiliate only after such Affiliate executes and delivers to the Administrative Agent a Joinder Agreement.

Section 28. Successors and Assigns. This SGR Security Agreement shall be binding upon each Grantor and its successors and assigns and shall inure to the benefit of the Collateral Agent and each Secured Party and their respective successors and permitted assigns; provided that no Grantor may transfer or assign any or all of its rights or obligations hereunder without the prior written consent of the Collateral Agent, unless otherwise permitted by the applicable Loan Documents. All agreements, statements, representations and warranties made by any Grantor herein or in any certificate or other instrument delivered by such Grantor or on its behalf under this SGR Security Agreement shall be considered to have been relied upon by the Secured Parties and shall survive the execution and delivery of this SGR Security Agreement and the other Loan Documents regardless of any investigation made by the Secured Parties or on their behalf.

Section 29. Limited Obligations. It is the desire and intent of each Grantor, the Collateral Agent and the Secured Parties that this SGR Security Agreement shall be enforced against each Grantor to the fullest extent permissible under the laws and public policies applied in each jurisdiction in which enforcement is sought. If and to the extent that the obligations of any Grantor under this SGR Security Agreement shall be adjudicated to be invalid or unenforceable for any reason (including, without limitation, because of any applicable state or federal law relating to fraudulent conveyances or transfers, which laws would determine the solvency of such Grantor by reference to the full amount of the Obligations at the time of the execution and delivery of this SGR Security Agreement), then the amount of the Obligations of such Grantor shall be deemed to be reduced and such Grantor shall pay the maximum amount of the Obligations which would be permissible under the applicable law.

Section 30. Construction of Schedules. It is understood and agreed that Schedule II is intended to be descriptive of the Slots listed on such Schedule as of the last calendar week prior to the date hereof and that Schedule III is intended to be descriptive of the Scheduled Services listed on such Schedule as of the date hereof, and such Schedules shall not be construed as expanding or limiting in any way the Collateral subject to this SGR Security Agreement.

[*Remainder of Page Intentionally Left Blank*]

IN WITNESS WHEREOF, the Borrower, as a Grantor and the Collateral Agent each has caused this SGR Security Agreement to be duly executed and delivered by its officer thereunto duly authorized as of the date first above written.

AMERICAN AIRLINES, INC.

By: _____
Name:
Title:

CITIBANK, N.A.,
as Collateral Agent

By: _____
Name:
Title:

Schedule I

SCHEDULE OF GRANTORS; LOCATIONS OF CHIEF EXECUTIVE OFFICES AND ADDRESSES

GRANTOR	**ADDRESS**
AMERICAN AIRLINES, INC.	4333 AMON CARTER BOULEVARD, FORT WORTH, TEXAS 76155

Schedule II

SLOTS

[See attached.]

SCHEDULED SERVICES

[•]

ROUTE AUTHORITIES

[•]

Exhibit A
to SGR Security Agreement

FORM OF SGR SECURITY AGREEMENT SUPPLEMENT

SGR Security Agreement Supplement No.

SCHEDULED SERVICES SGR SECURITY AGREEMENT SUPPLEMENT NO. , dated , ("SGR Security Agreement Supplement"), between [ ], a [ ] (together with its permitted successors and assigns, the "Grantor") and CITIBANK, N.A., as Collateral Agent (in such capacity, together with its successors and permitted assigns in such capacity, the "Collateral Agent").

W I T N E S S E T H:

A. Reference is made to the Security Agreement (Slots, Gate Leaseholds and Route Authorities), dated as of , 20 (as may be amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "SGR Security Agreement"), between the Grantor, [the other Grantors party thereto] and the Collateral Agent.

B. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the SGR Security Agreement.

C. Section 6(a) of the SGR Security Agreement provides that the Grantor may, at any time and from time to time, designate additional non-stop scheduled air carrier services being operated by the Grantor at such time as additional Scheduled Services by execution and delivery of supplements thereto.

Accordingly, the Grantor and the Collateral Agent agree as follows:

In accordance with Section 6(a) of the SGR Security Agreement:

(x) the non-stop scheduled air carrier service[s] listed below (the "Designated Service[s]") [is][are] hereby designated as [a] Scheduled Service[s] under the SGR Security Agreement, and Schedule III of the SGR Security Agreement is hereby amended and supplemented to include such Designated Service[s] for all purposes of the SGR Security Agreement.

Designated Services

[list Designated Service(s)];[1]

[and]

[[each of][ ], (the "Additional Route Authorit[y][ies]") [in each case] as more specifically described in Schedule I hereto, is identified as a route authority to operate the related Designated Services.][2]

NOW, THEREFORE, to secure all of the Obligations, the Grantor hereby pledges, grants and creates a security interest and mortgage in favor of the Collateral Agent for its benefit and the benefit of the other Secured Parties in all of the following assets, rights and properties, whether real or personal and whether tangible or intangible (the "Additional Collateral"):

(i) all of the right, title and interest of the Grantor in, to and under [the Additional Route Authorities,] [the Additional Slots] and [the Additional Foreign Gate Leaseholds], whether now owned or held or hereafter acquired and whether such assets, rights or properties constitute General Intangibles or another type or category of collateral under the NY UCC or any other type of asset, right or property; and

(ii) all of the right, title and interest of the Grantor in, to and under all Proceeds of any and all of the foregoing (including, without limitation, all Proceeds (of any kind) received or to be received by the Grantor upon the transfer or other disposition of any of the assets, rights and properties described in clause (i), notwithstanding whether the mortgage, pledge and grant of the security interest in any such asset, right or property is legally effective under applicable law);

provided, however, that notwithstanding the foregoing or any other provision of any provision of the SGR Security Agreement, (x) if a Transfer Restriction would be applicable to the pledge, grant or creation of a security interest in or mortgage on any asset, right or property described above [(other than in the Additional Route

1 Specify airport-to-airport, region to airport, or region to region Designated Services, as applicable.

2 To describe the route authority(ies) used by the Grantor to operate the Designated Service(s), if such route authority(ies) have not already been pledged under the SGR Security Agreement or any previously executed SGR Security Agreement Supplement.

Authorities or Proceeds thereof)][3], then so long as such Transfer Restriction is in effect, or (y) if, pursuant to the operative provisions of transaction documents existing prior to the Closing Date under any transaction entered into by the Grantors prior to the Closing Date, any asset, right or property is at any time subject to a security interest or mortgage in favor of another Person in connection with such transaction, any asset, right or property is at any time subject to a security interest or mortgage in favor of another Person in connection with such transaction (and not pursuant to an election made by the Grantor after the Closing Date to add any such asset, right or property as collateral to such transaction), the SGR Security Agreement and this SGR Security Agreement Supplement shall not pledge, grant or create any security interest in or mortgage on, and the terms "Additional Collateral" and "Collateral" shall not include, any such asset, right or property.

The following terms shall have the following meanings:

["Additional Slots" shall mean, at any time of determination, (x) any Foreign Slot of the Grantor at [ ][4], in each case only to the extent such Foreign Slot is being utilized by the Grantor (or any other "Grantor" as defined in the SGR Security Agreement on behalf of the Grantor) to provide any Designated Service, but in each case excluding any Temporary Foreign Slot, and (y) any FAA Slot of the Grantor [at any airport in the United States][5] that is an origin and/or destination point with respect to any Designated Service, in each case only to the extent such FAA Slot is being utilized by the Grantor (or any other "Grantor" as defined in the SGR Security Agreement on behalf of the Grantor) to provide such Designated Service, but in each case excluding any Temporary FAA Slot.]

["Additional Foreign Gate Leaseholds" shall mean, at any time of determination, all of the right, title, privilege, interest and authority of the Grantor to use or occupy space in an airport terminal at [ ][6], in each case only to the extent necessary for the Grantor to provide any Designated Service.]

---

3 Delete if no Additional Route Authorities are being pledged under the SGR Security Agreement Supplement.

4 To list any foreign airport or airports within any region that is or are an origin and/or destination point(s) with respect to the Designated Service(s).

5 Alternately identify specific US airports.

6 To list any foreign airport or airports within any region that is or are an origin and/or destination point(s) with respect to the Designated Service(s).

Each reference to "Collateral" in the SGR Security Agreement shall be deemed to include the Additional Collateral.

This SGR Security Agreement Supplement shall be construed as supplemental to the SGR Security Agreement and shall form a part thereof, and the SGR Security Agreement as so supplemented is hereby ratified, approved and confirmed.

THIS SCHEDULED SERVICES SGR SECURITY AGREEMENT SUPPLEMENT HAS BEEN DELIVERED IN THE STATE OF NEW YORK, AND THIS SCHEDULED SERVICES SGR SECURITY AGREEMENT SUPPLEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS SCHEDULED SERVICES SGR SECURITY AGREEMENT SUPPLEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

[Signature Pages Follow.]

IN WITNESS WHEREOF, the Grantor and the Collateral Agent each has caused this SGR Security Agreement Supplement No. to be duly executed and delivered by its officer thereunto duly authorized as of the date first above written.

[●], as Grantor

By: _____
Name:
Title:

CITIBANK, N.A.,
as Collateral Agent

By: _____
Name:
Title:

SCHEDULE [ ]

TO SGR SECURITY AGREEMENT SUPPLEMENT NO. [ ]

FORM OF JOINDER AGREEMENT

This JOINDER AGREEMENT, dated as of , 20 , is delivered pursuant to Section 27 of the Security Agreement (Slots, Gate Leaseholds and Route Authorities), dated as of , 20 (as may be amended, restated, amended and restated, supplemented and/or otherwise modified from time to time, the "SGR Security Agreement"), between the parties listed in Schedule I thereto as Grantors, and Citibank, N.A., as collateral agent for the Secured Parties referred to therein. Capitalized terms used herein without definition are used as defined in the SGR Security Agreement .

By executing and delivering this Joinder Agreement, the undersigned, as provided in Section 27 of the SGR Security Agreement, hereby becomes a party to the SGR Security Agreement as a Grantor thereunder with the same force and effect as if originally named as a Grantor therein and, without limiting the generality of the foregoing, as collateral security for the prompt and complete payment and performance when due (whether at stated maturity, by acceleration or otherwise) of the Obligations of the undersigned, hereby grants, pledges and creates a security interest and mortgage in favor of the Collateral Agent for its benefit and the benefit of the other Secured Parties in all of its right, title and interest in, to and under the Collateral of the undersigned, whether real or personal and whether tangible or intangible and expressly assumes all obligations and liabilities of a Grantor thereunder.

The undersigned hereby agrees to be bound as a Grantor for the purposes of the SGR Security Agreement.

The information set forth in the schedules to this Joinder Agreement is hereby added to the information set forth in Schedules I through III of the SGR Security Agreement. By acknowledging and agreeing to this Joinder Agreement, the undersigned hereby agrees that this Joinder Agreement may be attached to the SGR Security Agreement and that the Collateral listed on the schedule to this Joinder Agreement shall be and become part of the Collateral referred to in the SGR Security Agreement and shall secure all Obligations of the undersigned.

The undersigned hereby represents and warrants that each of the representations and warranties contained in Section 4 of the SGR Security Agreement applicable to it is true and correct on and as the date hereof as if made on and as of such date.

[Signature Page to Follow.]

IN WITNESS WHEREOF, the undersigned has caused this Joinder Agreement to be duly executed and delivered as of the date first above written.

[ADDITIONAL GRANTOR]

By: _____
Name:
Title:

ATTACHED

AMENDED AND RESTATED SECURITY AGREEMENT

Dated as of December 15, 2016

Between

THE GRANTORS REFERRED TO HEREIN,
as Grantors,

and

CITIBANK, N.A.,
as Administrative Agent and Collateral Agent

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EXHIBIT A - FORM OF SUPPLEMENT
EXHIBIT B - FORM OF JOINDER AGREEMENT

AMENDED AND RESTATED SECURITY AGREEMENT dated as of December 15, 2016 (this "Security Agreement"), among AMERICAN AIRLINES, INC., a Delaware corporation (together with its successors and assigns, the "Borrower"), certain Affiliates (and their respective successors and assigns) of the Borrower from time to time party hereto pursuant to Section 26 (together with the Borrower, the "Grantors"), and CITIBANK, N.A., as administrative agent and collateral agent for the Secured Parties (as hereinafter defined) (together with any successor Collateral Agent appointed pursuant to Section 8.05 of the Credit Agreement (as hereinafter defined), the "Collateral Agent"). This Security Agreement amends and restates in its entirety the Security Agreement dated as of May 23, 2013 (the "2013 Security Agreement") among the Borrower (as successor in interest to US Airways, Inc.), certain affiliates of the Borrower party thereto and Citicorp North America, Inc., as administrative agent and collateral agent.

WITNESSETH:

WHEREAS, the Borrower, the Affiliates of the Borrower party thereto, the several lenders from time to time party thereto (collectively, the "Lenders") and the Collateral Agent are parties to that certain Amended and Restated Credit and Guaranty Agreement dated as of December 15, 2016 (the "Credit Agreement");

WHEREAS, to induce the Lenders to enter into the Credit Agreement, the Grantors and the Collateral Agent have agreed to enter into this Security Agreement;

WHEREAS, the Collateral Agent and one or more Additional Agents may in the future enter into one or more Intercreditor Agreements and/or Other Intercreditor Agreements; and

WHEREAS, the Grantors may establish one or more accounts for cash and to hold securities and other financial assets (each, an "Account") that will be subject to one or more Account Control Agreements.

NOW, **THEREFORE**, in consideration of these premises and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

Section 1. Definitions.

(a) Except as otherwise defined in this Security Agreement, terms defined in the Credit Agreement shall be used herein as defined therein.

(b) The terms "account," "chattel paper," "commercial tort claim," "commodity account," "commodity contract," "deposit account," "document," "electronic chattel paper," "equipment," "fixtures," "general intangibles," "goods," "health-care insurance receivables," "instruments," "inventory," "investment property," "letter-of-credit right," "payment intangibles," "promissory note," "securities account," "security entitlement," "software," "supporting obligations" and "tangible chattel paper" shall have the respective meanings ascribed thereto in Article 9 of the UCC.

(c) The parties to this Security Agreement agree that the rules of interpretation set out in Section 1.02 of the Credit Agreement shall apply to this Security Agreement *mutatis mutandis* as if set out in this Security Agreement

(d) The following terms shall have the following respective meanings:

"2013 Security Agreement" has the meaning set forth in the preamble hereof.

"Account" has the meaning set forth in the recitals hereof.

"Account Collateral" has the meaning set forth in Section 2.1(b).

"Additional Agent" has the meaning specified in the Intercreditor Agreement.

"Additional Collateral Documents" has the meaning provided in the Intercreditor Agreement.

"Additional Credit Facility Secured Parties" has the meaning provided in the Intercreditor Agreement.

"Additional Grantor" has the meaning specified in Section 26 hereof.

"Additional Obligations" shall have the meaning provided in the Intercreditor Agreement.

"Additional Pledged Accounts" means any Accounts that are the property of any Grantor and are described in any Security Supplement or subject to the Lien of this Security Agreement subsequent to the date hereof and that are described in any Account Control Agreement or any amendment and/or supplement to any Account Control Agreement, in each case, entered into after the date hereof.

"Additional Pledged Equipment" means any Additional Pledged Flight Simulator or Additional Pledged Ground Service Equipment.

"Additional Pledged Flight Simulators" means any flight simulator or flight training device described in any Security Supplement or subsequently subject to the Lien of this Security Agreement pursuant to any provision of this Security Agreement or the Loan Documents that any Grantor has elected to subject to the Lien of this Security Agreement.

"Additional Pledged Ground Service Equipment" means any Ground Service Equipment described in any Security Supplement or subsequently subject to the Lien of this Security Agreement pursuant to any provision of this Security Agreement or the Loan Documents that any Grantor has elected to subject to the Lien of this Security Agreement.

"Banking Product Provider" means any Person that has entered into a Designated Banking Product Agreement with Parent or the Grantor.

"Bankruptcy Case" means (a) pursuant to or within the meaning of Bankruptcy Law, (i) a voluntary case commenced by Parent or any of its Subsidiaries, (ii) an involuntary case in which Parent or any of its Subsidiaries consent to the entry of an order for relief against it, (iii) an appointment consented to by Parent or any of its Subsidiaries of a custodian of it or for all or substantially all of its property, (iv) the making of a general assignment for the benefit of its creditors by Parent or any of its Subsidiaries or (v) the admission in writing of Parent's or any of its Subsidiaries' inability generally to pay its debts or (b) an order or decree under any Bankruptcy Law entered by a court of competent jurisdiction that (i) is for relief against Parent or any of its Subsidiaries in an involuntary case, (ii) appoints a custodian of Parent or any of its Subsidiaries for all or substantially all of the property of Parent or any of its Subsidiaries, (iii) orders the liquidation of Parent or any of its Subsidiaries, and in each case of this clause (b) the order or decree remains unstayed and in effect for 60 consecutive days.

"Borrower" has the meaning set forth in the preamble hereof.

"Collateral" has the meaning set forth in Section 2 hereof.

"Collateral Agent" has the meaning set forth in the preamble hereof.

"Credit Agreement" has the meaning set forth in the recitals hereof.

"Discharge of Additional Obligations" has the meaning provided in the Intercreditor Agreement.

"Grantors" has the meaning set forth in the preamble hereof.

"Hedging Provider" means any Person that has entered into a Designated Hedging Agreement with Parent or the Grantor.

"Indemnified Liabilities" has the meaning set forth in Section 29 hereof.

"Lenders" has the meaning set forth in the recitals hereof.

"NY UCC" means the Uniform Commercial Code as in effect on the date hereof in the State of New York.

"Pledged Accounts" means any Accounts that are property of any Grantor and are set forth in Schedule 3 hereto.

"Pledged Equipment" means, collectively, all Pledged Flight Simulators and all Ground Service Equipment of the types set forth in Schedule 2 hereto.

"Pledged Flight Simulators" means all of the flight simulators and flight training devices of the Grantors described on Schedule 1 hereto.

"Proceeds" shall have the meaning assigned to that term under the UCC as in effect in any relevant jurisdiction or under other relevant law and, in any event, shall include, but not be limited to, any and all (i) proceeds of any insurance, indemnity, warranty or guarantee payable to the Collateral Agent or to the Grantor or any Affiliate of the Grantor from time to time with respect to physical damage to any of the Collateral, (ii) payments (in any form whatsoever), made or due and payable to the Grantor from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of all or any part of the Collateral by any Governmental Authority (or any Person acting under color of Governmental Authority) and (iii) instruments representing obligations to pay amounts in respect of the Collateral.

"Security Agreement" has the meaning set forth in the preamble hereof.

"Senior Priority Obligations" has the meaning provided in the Intercreditor Agreement.

"Senior Priority Representative" has the meaning provided in the Intercreditor Agreement.

Section 2. Grant of Security Interest. Each Grantor hereby grants to the Collateral Agent, for itself and for the ratable benefit of the Secured Parties, as security for the prompt payment in full when due of all payment Obligations and the performance and observance by each Grantor of all other Obligations, and in consideration of the premises and of the covenants herein contained, and for other good and valuable consideration the receipt and adequacy whereof are hereby acknowledged, each Grantor does hereby grant, bargain, sell, assign, transfer, convey, mortgage and pledge unto the Collateral Agent, its successors and assigns, for itself and for the ratable security and benefit of the Secured Parties until released pursuant to Section 11 hereof, a Lien on and security interest in all estate, right, title and interest of such Grantor in, to and under all of the following described property, assets, rights, interests and privileges whether now owned or hereafter acquired, and wherever located (collectively, called the "Collateral"):

(a) its Pledged Equipment;

(b) its Pledged Accounts and all cash, checks, securities, money orders and other items of value of such Grantor now or hereafter paid, deposited, credited or held (whether for collection, provisionally or otherwise) in each Pledged Account (the "Account Collateral");

(c) all books and records (including, without limitation, customer lists, credit files, printouts and other computer output materials and records) of such Grantor pertaining to any of the Collateral;

(d) any and all property that may, from time to time hereafter, by Security Agreement Supplement be subjected to the Lien and security interest hereof and the Collateral Agent is hereby authorized to receive the same at any and all times as and for additional security hereunder; and

(e) all Proceeds of the foregoing.

Anything herein to the contrary notwithstanding, in no event shall the security interest granted under this Section 2 attach to and the term "Collateral" shall not include any permit, lease, license, contract, property rights or other agreement, and any assets subject to any thereof, to which any Grantor is a party or any of its rights or interests thereunder if and only to the extent that the grant of a security interest hereunder (i) is prohibited by or a violation of any law, rule or regulation applicable to such Grantor or (ii) shall constitute or result in a breach of a term or provision of, or the termination of or a default under the terms of, such permit, lease, license, contract, property rights or agreement (other than to the extent that any such law, rule, regulation, term or provision would be rendered ineffective pursuant to Sections 9-406, 9-407, 9-408 or 9-409 of the NY UCC of any relevant jurisdiction or any other applicable law (including any debtor relief law or principle of equity)); provided, however, that the Collateral shall include all Proceeds thereof and immediately at such time as the contractual or legal provisions referred to above shall no longer be applicable and to the extent severable, and shall attach immediately to any portion of such permit, lease, license, contract or agreement not subject to the provisions specified in clauses (i) or (ii) above in this paragraph.

It is the intent of the parties hereto that the Liens granted pursuant to this Section 2 shall novate and replace the Liens granted pursuant to the 2013 Security Agreement.

Notwithstanding anything herein to the contrary, it is the understanding of the parties hereto that the Liens granted pursuant to this Section 2 shall, prior to the Discharge of Additional Obligations that are Senior Priority Obligations, be *pari passu* and equal in priority to the Liens granted to any Additional Agent for the benefit of the holders of the applicable Additional Obligations that are Senior Priority Obligations to secure such Additional Obligations that are Senior Priority Obligations pursuant to the applicable Additional Collateral Documents (except as may be separately otherwise agreed between the Collateral Agent, on behalf of itself and the Secured Parties, and any Additional Agent, on behalf of itself and the Additional Credit Facility Secured Parties represented thereby). The Collateral Agent acknowledges and agrees that, in the event that it enters into an Intercreditor Agreement or an Other Intercreditor Agreement, the relative priority of the Liens granted to the Collateral Agent, the Administrative Agent and any Additional Agent shall be determined solely (as between the parties to such Intercreditor Agreement or Other Intercreditor Agreement and except as otherwise

provided therein) pursuant to the applicable Intercreditor Agreements and Other Intercreditor Agreements, and not by priority as a matter of law or otherwise. Notwithstanding anything herein to the contrary, the Liens granted to the Collateral Agent pursuant to this Security Agreement and the exercise of any right or remedy by the Collateral Agent hereunder are subject to the provisions of the applicable Intercreditor Agreements and Other Intercreditor Agreements. In the event of any conflict between the terms of any Intercreditor Agreement or any Other Intercreditor Agreement and this Security Agreement, the terms of such Intercreditor Agreement or Other Intercreditor Agreement, as applicable, shall govern and control as among (i) the Collateral Agent and any Additional Agent, in the case of the Intercreditor Agreement, and (ii) the Collateral Agent and any other secured creditor (or agent therefor) party thereto, in the case of any Other Intercreditor Agreement. In the event of any such conflict, the Grantors may act (or omit to act) in accordance with such Intercreditor Agreement or such Other Intercreditor Agreement, as applicable, and shall not be in breach, violation or default of its obligations hereunder by reason of doing so. Notwithstanding any other provision hereof, for so long as any Additional Obligations that are Senior Priority Obligations remain outstanding, any obligation hereunder to deliver, transfer or assign to the Collateral Agent any Collateral shall be satisfied by causing such Collateral to be delivered, transferred or assigned to the applicable Senior Priority Representative to be held in accordance with the Intercreditor Agreement.

Section 3. Supplements; Further Assurances.

(a) Each Grantor agrees that, at any time and from time to time, at the request of the Collateral Agent, without cost to any Secured Party, such Grantor will promptly execute and deliver, or otherwise authenticate, all further instruments and documents, and take all further action that may be required or that the Collateral Agent may reasonably request, in order to perfect, preserve and protect any pledge or security interest granted or purported to be granted by such Grantor hereunder or to enable the Collateral Agent to exercise and enforce its rights and remedies hereunder with respect to any Collateral of such Grantor. Each Grantor shall pay any applicable filing fees and other expenses related to the filing of financing and continuation statements or the expenses for other action taken to perfect the security interest granted hereunder. Without limiting the generality of the foregoing, each Grantor will: (i) execute or authenticate and file such financing or continuation statements, or amendments thereto, and such other instruments or notices, as the Collateral Agent may reasonably request, in order to perfect and preserve the security interest granted or purported to be granted by such Grantor hereunder; (ii) take all action reasonably necessary to ensure that the Collateral Agent has control of Collateral consisting of deposit accounts, securities accounts, commodity accounts, investment property, and at the request of the Collateral Agent during the continuance of an Event of Default, electronic chattel paper, letter-of-credit rights and transferable records, as provided in Sections 9-104, 9-105, 9-106 and 9-107 of the NY UCC; (iii) take all action reasonably necessary to ensure that the Collateral Agent's security interest is noted on any certificate of title related to any Collateral evidenced by a certificate of title; (iv) at the request of the Collateral Agent, cause the Collateral Agent to be the beneficiary under all Letters of Credit that constitute

Collateral, with the exclusive right to make all draws under such Letters of Credit, and with all rights of a transferee under Section 5-114(e) of the NY UCC; and (v) deliver to the Collateral Agent evidence that all other action that the Collateral Agent may deem reasonably necessary or desirable in order to perfect and protect the security interest created by such Grantor in the Collateral under this Security Agreement has been taken.

(b) Each Grantor hereby authorizes the Collateral Agent to file one or more financing or continuation statements, and any amendments thereto and continuations thereof, each of which may describe the Collateral in any manner as the Collateral Agent may determine, in its sole discretion, is necessary or prudent to ensure the perfection of the security interest in the Collateral granted to the Collateral Agent in connection herewith. A photocopy or other reproduction of this Security Agreement or any financing statement covering the Collateral or any part thereof shall be sufficient as a financing statement where permitted by Law. Each Grantor ratifies its authorization for the Collateral Agent to have filed such financing statements, continuation statements or amendments filed prior to the date hereof.

(c) Each Grantor will furnish to the Collateral Agent from time to time statements and supplements to the schedules further identifying and describing the Collateral of such Grantor as the Collateral Agent may reasonably request, all in reasonable detail.

Section 4. No Release; Limitations on Secured Party's Obligations. Anything herein to the contrary notwithstanding, (i) each Grantor shall remain liable under the contracts and agreements included in such Grantor's Collateral to the extent set forth therein to perform all of its duties and obligations thereunder to the same extent as if this Security Agreement had not been executed, (ii) the exercise by the Collateral Agent of any of its rights hereunder shall not release any Grantor from any of its duties or obligations under the contracts and agreements included in the Collateral, and (iii) no Secured Party shall have any obligation or liability under the contracts and agreements included in the Collateral by reason of this Security Agreement or any other Loan Document, nor shall any Secured Party be obligated to perform any of the obligations or duties of any Grantor thereunder or to take any action to collect or enforce any claim for payment assigned hereunder.

Section 5. Representations and Warranties. Each Grantor hereby represents and warrants as of the date hereof as follows:

(a) Such Grantor's legal name, jurisdiction of organization and organizational identification number, if any, are correctly set forth in Schedule 4 hereto. As of the date hereof, the information set forth in Schedule 4 hereto with respect to such Grantor is true and accurate in all respects. As of the date hereof, no Grantor has previously changed its name, type of organization, jurisdiction of organization or organizational identification number during the five (5) years preceding the execution of this Security Agreement from those set forth in Schedule 4 hereto.

(b) Such Grantor is the legal and beneficial owner of the Collateral of such Grantor free and clear of any Lien of others, except for Permitted Liens.

(c) Except for possessory interests of landlords and warehousemen and any Pledged Equipment in the possession of third parties for repair in the Ordinary Course of Business, such Grantor has exclusive possession and control of the Pledged Equipment of such Grantor. In the case of Pledged Equipment located on leased premises or in warehouses, no lessor or warehouseman of any premises or warehouse upon or in which such Pledged Equipment is located (i) other than as provided to the Collateral Agent on or prior to the Closing Date, to the best knowledge of any Responsible Officer, issued any warehouse receipt or other receipt in the nature of a warehouse receipt in respect of any Pledged Equipment, (ii) other than as provided to the Collateral Agent on or prior to the Closing Date, to the best knowledge of any Responsible Officer, issued any document for any of such Grantor's Pledged Equipment and (iii) to the best knowledge of any Responsible Officer, received notification of any secured party's interest (other than the security interest granted hereunder, any security interest released on or prior to the Closing Date and other than any Permitted Lien) in such Grantor's Pledged Equipment.

(d) Upon (i) with respect to all Collateral in which a security interest may be perfected by the filing of a financing statement under the UCC, the filing of a UCC-1 financing statement in the applicable filing office (which financing statement has been delivered to the Collateral Agent in completed and duly authorized form), naming such Grantor as Debtor and the Collateral Agent as secured party in respect of the Collateral and the filing of UCC termination statements in appropriate filing offices that have been delivered to the Collateral Agent on the Closing Date for filing on or shortly after the Closing Date, (ii) with respect to all Account Collateral, the execution and delivery of Account Control Agreements and (iii) effecting other filings/recordings required to be made and expressly contemplated hereunder, all filings, registrations and recordings necessary to create, preserve, protect and perfect (to the extent that perfection of the security interest in respect of such Collateral is required hereunder) the security interest granted by such Grantor to the Collateral Agent hereby in respect of such Collateral of such Grantor shall have been accomplished, and the security interest granted to the Collateral Agent pursuant to this Security Agreement in and to such Collateral of such Grantor will constitute, a first priority perfected security interest therein (provided that, with respect to perfection, only to the extent that (A) perfection of the security interest in respect of such Collateral is required hereunder and (B) a security interest therein may be perfected by such filing, registration, delivery, execution and delivery of Account Control Agreements or recording), prior to the rights of all other Persons therein and subject to no other Liens other than Permitted Liens.

(e) On the date hereof, such Grantor's Pledged Equipment (other than (i) Pledged Flight Simulators, (ii) Pledged Equipment in transit or out for repair and (iii) Pledged Equipment with an aggregate fair market value of less than $1,500,000) and books and records concerning such Pledged Equipment are kept at the locations listed on Schedule 6.

(f) Except as set forth on Schedule 5, (x) the pledge by such Grantor of the Collateral of such Grantor pursuant to this Security Agreement or for the execution, delivery or performance of this Security Agreement and (y) the exercise by the Collateral Agent of the rights provided for in this Security Agreement or the remedies in respect of the Collateral pursuant to this Security Agreement do not and will not require (i) any registration with, consent or approval of, or notice to, or other action to, with or by, any federal, state or other Governmental Authority or regulatory body (except in connection with the perfection of the Liens created hereby) or (ii) any registration with, consent or approval of, or material notice to, or other action to, with or by, any other Person.

(g) Each Pledged Flight Simulator described on Schedule 1 is maintained at the location set forth opposite the description of such Pledged Flight Simulator on Schedule 1.

Section 6. Covenants of the Grantors with respect to the Collateral. Each Grantor hereby covenants and agrees with the Collateral Agent that from and after the date of this Security Agreement and until the Termination Date or, with respect to any Collateral, until the Lien of this Security Agreement on such Collateral is otherwise released pursuant to Section 11 hereof:

(a) Except upon 15 days' prior notice to the Collateral Agent and delivery to the Collateral Agent of all documents reasonably requested by the Collateral Agent to maintain the validity, perfection and priority of the security interests provided for herein, such Grantor shall not do any of the following:

(1) change its jurisdiction of organization or its location, in each case from that set forth in Schedule 4; or

(2) change its legal name or organizational identification number, if any, or corporate, limited liability company, partnership or other organizational structure to such an extent that any financing statement filed in connection with this Security Agreement would become seriously misleading.

(b) Such Grantor will keep and maintain, at its own cost and expense, satisfactory and complete records of the Collateral pledged by such Grantor, in all material respects, including, without limitation, a record of all payments received and all credits granted with respect to the Collateral so pledged and all other dealings concerning such Collateral in each case in accordance with its normal business practice.

(c) Such Grantor will defend the Collateral pledged by such Grantor against and take such other action as is necessary to remove any Lien on such Collateral except Permitted Liens and will defend the right, title and interest of the Collateral Agent in and to all of such Grantor's rights under such Collateral against the claims and demands of all Persons whomsoever other than claims or demands arising out of Permitted Liens.

(d) Such Grantor shall promptly notify the Collateral Agent after it obtains knowledge thereof, in reasonable detail, of any Lien asserted in writing against any material portion of the Collateral pledged by such Grantor other than Permitted Liens.

(e) Such Grantor will keep and maintain the Pledged Equipment pledged by such Grantor in good operating condition sufficient for the continuation of the business conducted by such Grantor on a basis consistent with past practices, ordinary wear and tear excepted; provided that no Grantor shall be restricted from discontinuing the maintenance of any such Pledged Equipment if such discontinuance is, in the good faith judgment of such Grantor, desirable in the conduct of the business of such Grantor and would not reasonably be expected to have a Material Adverse Effect.

(f) Such Grantor shall not execute or authorize to be filed in any public office any financing statement (or similar statement or instrument of registration under the law of any jurisdiction intended to provide notice of a Lien) relating to the Collateral of such Grantor, except financing statements filed or to be filed in respect of and covering Permitted Liens.

(g) Each Grantor will, and will cause each of its Subsidiaries to, (a) insure and keep insured or reinsured with financially sound and reputable insurance companies that are not Affiliates of the Grantors or by the United States of America, the Pledged Equipment, in such amounts, with such deductibles and covering such risks as are insured against (including, but not limited to, third party liability) and carried in accordance with applicable law and prudent industry practice by U.S. commercial air carriers similarly situated with the Grantors (or an applicable Subsidiary) and owning or operating similar flight simulators or ground service equipment as the Pledged Equipment, and (b) cause all such insurance relating to any Pledged Equipment to name the Collateral Agent as additional insured or loss payee, as appropriate, and to provide not less than thirty (30) days' prior notice to the Collateral Agent of termination, lapse or cancellation of such insurance or reinsurance; provided that this Section 6(g) shall not prohibit any Grantor or any Subsidiary from procuring and maintaining all or any portion of its insurance through a captive insurance company of Parent or its Subsidiaries so long such captive insurance company reinsures 100% of such risk as provided above in this Section 6(g) and such reinsurance policies contain a cut-through endorsement.

Section 7. Power of Attorney; Performance by Collateral Agent of Grantors' Obligations.

(a) Each Grantor hereby irrevocably appoints the Collateral Agent as such Grantor's attorney-in-fact, with full authority in the place and stead of such Grantor and in the name of such Grantor or otherwise, from time to time, in the Collateral Agent's discretion to take any action and to execute any instrument that the Collateral Agent may deem necessary or advisable to accomplish the purposes of this Security Agreement, which appointment as attorney-in-fact is coupled with an interest, including, without limitation:

(i) to obtain and adjust insurance required to be paid to the Collateral Agent pursuant to any Loan Documents;

(ii) to ask for, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for moneys due and to become due under or in respect of any of the Collateral;

(iii) to receive, indorse and collect any drafts or other instruments, documents and chattel paper, in connection with clause (i) or (ii) above; and

(iv) to file any claims or take any action or institute any proceedings that the Collateral Agent may deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce the rights of the Collateral Agent with respect to any of the Collateral;

provided, that the Collateral Agent shall not exercise any of such rights or take any such action except during the continuance of an Event of Default and in accordance with and subject to any Intercreditor Agreement and any Other Intercreditor Agreement.

(b) If any Grantor fails to perform any agreement contained herein, the Collateral Agent may, as the Collateral Agent deems necessary to protect the security interest granted hereunder in the Collateral or to protect the value thereof, but without any obligation to do so during the continuance of an Event of Default, itself perform, or cause performance of, such agreement, and the reasonable expenses of the Collateral Agent, including, without limitation, the reasonable fees and expenses of its counsel, incurred in connection therewith shall be payable by such Grantor in accordance with Section 10.04 of the Credit Agreement and shall be considered Obligations.

Section 8. Remedies; Disposition of Collateral. If any Event of Default shall have occurred and be continuing, then and in every such case, subject to any Intercreditor Agreement or Other Intercreditor Agreement, the Collateral Agent may at any time or from time to time during the continuance of such Event of Default:

(a) Exercise, in respect of the Collateral, in addition to other rights and remedies provided for herein or otherwise available to it and to the extent not in violation of applicable law, all the rights and remedies of a secured party under the UCC (whether or not the UCC applies to the affected Collateral) and any other applicable law and also may:

(i) require each Grantor to, and each Grantor hereby agrees that it will at its expense and upon request of the Collateral Agent forthwith, assemble all or part of the Collateral (other than the Account Collateral) as directed by the Collateral Agent and make it available to the Collateral Agent at a place and time to be designated by the Collateral Agent that is reasonably convenient to the Collateral Agent and, at the request of the Collateral Agent, promptly execute and deliver to the Collateral Agent such instruments or other documents as may be necessary or advisable to enable the Collateral Agent or an agent or representative designated by the Collateral Agent, at such time or times and place or places as the Collateral Agent may specify, to obtain possession of all or any part of the Collateral (other than the Account Collateral) the possession of which the Collateral Agent shall at the time be entitled to hereunder;

(ii) occupy any premises owned or leased by any of the Grantors where the Collateral or any part thereof is assembled or located for a reasonable period in order to effectuate its rights and remedies hereunder or under law, without obligation to such Grantor in respect of such occupation;

(iii) without notice except as specified below, sell, or direct the Grantors to sell, the Collateral or any part thereof in one or more parcels at public or private sale, at any exchange, broker's board or at any of the Collateral Agent's offices or elsewhere, for cash, on credit or for future delivery, and at such price or prices and upon such other terms as the Collateral Agent may deem commercially reasonable;

(iv) proceed to protect and enforce this Security Agreement by suit or suits or proceedings in equity or at law, and whether for the specific performance of any covenant or agreement herein contained or in execution or aid of any power herein granted; or for foreclosure hereunder, or for the appointment of a receiver or receivers for the Collateral or any part thereof, or for the recovery of judgment for the Obligations or for the enforcement of any other legal or equitable remedy available under applicable law;

(v) without notice to the Grantor except as required by law and at any time or from time to time, deliver a Notice of Exclusive Control (as defined in the applicable Account Control Agreement), and charge, set off and otherwise apply all or any part of the Obligations against any funds held with respect to the Account Collateral; or

(vi) exercise any and all rights and remedies of any of the Grantors under or in connection with the Collateral, or otherwise in respect of the Collateral, including, without limitation, (A) at the expense of the Grantors, make all such expenditures for the collection, maintenance, insurance, repairs, replacements, alterations, additions and improvements to and of the Collateral as it may deem proper and (B) exercise all other rights and remedies provided by law with respect to the Collateral, including, without limitation, those set forth in Section 9-607 of the UCC.

(b) The Collateral Agent or any other Secured Party may be the purchasers of any or all of the Collateral at any sale of Collateral and shall be entitled, for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Collateral sold at such sale, to use and apply any of the Obligations owed to such Person as a credit on account of the purchase price of any Collateral payable by such Person at such sale. Each purchaser at any such sale shall acquire the property sold absolutely free from any claim or right on the part of the Grantors. Each Grantor agrees that, to the extent notice of sale shall be required by law, at least 10 days' notice to such Grantor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. The Collateral Agent shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. The Collateral Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

(c) Each Grantor hereby waives, to the fullest extent permitted by law, any claims against the Collateral Agent arising by reason of the fact that the price at which any Collateral may have been sold at such a private sale was less than the price which might have been obtained at a public sale.

(d) Except as otherwise provided herein, each Grantor hereby waives, to the fullest extent permitted by applicable law, notice or judicial hearing in connection with the Collateral Agent's taking possession or the Collateral Agent's disposition of any of the Collateral, including, without limitation, any and all prior notice and hearing for any prejudgment remedy or remedies and any such right which such Grantor would otherwise have under law, and each Grantor hereby further waives to the fullest extent permitted by applicable law: (i) all damages occasioned by such taking of possession; (ii) all other requirements as to the time, place and terms of sale or other requirements with respect to the enforcement of the Collateral Agent's rights hereunder; and (iii) all rights of redemption, appraisement, valuation, stay, extension or moratorium now or hereafter in force under any applicable law. Any sale of, or the grant of options to purchase, or any other realization upon, any Collateral shall operate to divest all right, title, interest, claim and demand, either at law or in equity, of Grantors therein and thereto, and shall be a perpetual bar both at law and in equity against each Grantor and against any and all Persons claiming or attempting to claim the Collateral so sold, optioned or realized upon, or any part thereof, from, through and under each Grantor.

(e) Any cash held by or on behalf of the Collateral Agent and all cash proceeds received by or on behalf of the Collateral Agent in respect of any sale of, collection from, or other realization upon all or any part of the Collateral pursuant to the exercise by the Collateral Agent of its remedies as a secured party pursuant to this Section 8 of this Security Agreement shall be promptly transferred by the Collateral Agent to the Administrative Agent in accordance with the payment instructions specified in Section 2.17(a) of the Credit Agreement for application in accordance with the priority of payments set forth in Section 2.17(b) thereof. Any surplus of such cash or cash proceeds held by the Collateral Agent and remaining after payment in full of the Obligations shall be paid over to the applicable Grantor or to whomever may be lawfully entitled to receive such surplus.

(f) All payments received by any Grantor under or in connection with the Collateral to which the Collateral Agent is entitled pursuant to the exercise of its remedies as a secured party under this Section 8 of this Security Agreement shall be received in trust for the benefit of the Collateral Agent, shall be segregated from other funds of such Grantor and shall, after notice from the Collateral Agent, be forthwith paid over to the Collateral Agent in the same form as so received (with any necessary endorsement).

Section 9. Non-Lender Secured Parties.

(a) The Non-Lender Secured Parties shall not have any right whatsoever to do any of the following: (A) exercise any rights or remedies with respect to the Collateral or to direct the Collateral Agent to do the same, including, without limitation, the right to (1) enforce any Liens or sell or otherwise foreclose on any portion of the Collateral, (2) request any action, institute any proceedings, exercise any voting rights, give any instructions, make any election or make collections with respect to all or any portion of the Collateral or (3) release any Grantor under this Security Agreement or release any Collateral from the Liens of any Collateral Document or consent to or otherwise approve any such release; (B) demand, accept or obtain any Lien on any Collateral (except for Liens arising under, and subject to the terms of, this Security Agreement); (C) vote in any Bankruptcy Case or similar proceeding in respect of Parent or any of its Subsidiaries (any such proceeding, for purposes of this clause (a), a "Bankruptcy") with respect to, or take any other actions concerning the Collateral; (D) receive any proceeds from any sale, transfer or other disposition of any of the Collateral (except in accordance with this Security Agreement); (E) oppose any sale, transfer or other disposition of the Collateral; (F) object to any debtor-in-possession financing in any Bankruptcy which is provided by one or more Lenders among others (including on a priming basis under Section 364(d) of the Bankruptcy Code); (G) object to the use of cash collateral in respect of the Collateral in any Bankruptcy; or (H) seek, or object to the Lenders, the Administrative Agent or the Collateral Agent seeking on an equal and ratable basis, any adequate protection or relief from the automatic stay with respect to the Collateral in any Bankruptcy.

(b) Each Non-Lender Secured Party, by its acceptance of the benefits of this Security Agreement and the other Collateral Documents, agrees that in exercising rights and remedies with respect to the Collateral, the Collateral Agent and the Lenders, with the consent of the Collateral Agent, may enforce the provisions of the Collateral Documents and exercise remedies thereunder and under any other Loan Documents (or refrain from enforcing rights and exercising remedies), all in such order and in such manner as they may determine in the exercise of their sole business judgment and subject to the terms of any Intercreditor Agreement and any Other Intercreditor Agreement. Such exercise and enforcement shall include, without limitation, the rights to collect, sell, dispose of or otherwise realize upon all or any part of the Collateral, to incur expenses in

connection with such collection, sale, disposition or other realization and to exercise all the rights and remedies of a secured lender under the UCC. The Non-Lender Secured Parties by their acceptance of the benefits of this Security Agreement and the other Collateral Documents hereby agree not to contest or otherwise challenge any such collection, sale, disposition or other realization of or upon all or any of the Collateral. Whether or not a Bankruptcy Case has been commenced, the Non-Lender Secured Parties shall be deemed to have consented to any sale or other disposition of any property, business or assets of Parent or any of its Subsidiaries and the release of any or all of the Collateral from the Liens of any Collateral Document in connection therewith.

(c) Notwithstanding any provision of this Section 9, the Non-Lender Secured Parties shall be entitled, subject to any Intercreditor Agreement and any Other Intercreditor Agreement, to file any necessary responsive or defensive pleadings in opposition to any motion, claim, adversary proceeding or other pleadings (A) in order to prevent any Person from seeking to foreclose on the Collateral or supersede the Non-Lender Secured Parties' claim thereto or (B) in opposition to any motion, claim, adversary proceeding or other pleading made by any Person objecting to or otherwise seeking the disallowance of the claims of the Non-Lender Secured Parties. Each Non-Lender Secured Party, by its acceptance of the benefits of this Security Agreement, agrees to be bound by and to comply with any Intercreditor Agreement and any Other Intercreditor Agreement and authorizes the Collateral Agent to enter into the Intercreditor Agreements and Other Intercreditor Agreements on its behalf.

(d) Each Non-Lender Secured Party, by its acceptance of the benefits of this Security Agreement, agrees that the Collateral Agent and the Lenders may deal with the Collateral, including any exchange, taking or release of Collateral, may change or increase the amount of the Obligations, and may release any Grantor from its Obligations hereunder, all without any liability or obligation (except as may be otherwise expressly provided herein) to the Non-Lender Secured Parties.

(e) Each Non-Lender Secured Party, by its acceptance of the benefits of this Security Agreement and the other Collateral Documents, shall be deemed irrevocably to make, constitute and appoint the Collateral Agent, as agent under the Credit Agreement (and all officers, employees or agents designated by the Collateral Agent) as such Person's true and lawful agent and attorney-in-fact, and in such capacity, the Collateral Agent shall have the right, with power of substitution for the Non-Lender Secured Parties and in each such Person's name or otherwise, to effectuate any sale, transfer or other disposition of the Collateral. It is understood and agreed that the appointment of the Collateral Agent as the agent and attorney-in-fact of the Non-Lender Secured Parties for the purposes set forth herein is coupled with an interest and is irrevocable. It is understood and agreed that the Collateral Agent has appointed the Administrative Agent as its agent for purposes of perfecting certain of the security interests created hereunder and for otherwise carrying out certain of its obligations hereunder.

(f) To the maximum extent permitted by law, each Non-Lender Secured Party waives any claim it might have against the Collateral Agent or the Lenders with respect to, or arising out of, any action or failure to act or any error of judgment, negligence, or mistake or oversight whatsoever on the part of the Collateral Agent or the Lenders or their respective directors, officers, employees or agents with respect to any exercise of rights or remedies under the Loan Documents or any transaction relating to the Collateral (including, without limitation, any such exercise described in Section 9(b)), except for any such action or failure to act that constitutes willful misconduct or gross negligence of such Person. To the maximum extent permitted by applicable law, none of the Collateral Agent or any Lender or any of their respective directors, officers, employees or agents shall be liable for failure to demand, collect or realize upon any of the Collateral or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any Collateral upon the request of Parent, any Subsidiary of Parent, any Non-Lender Secured Party or any other Person or to take any other action or forbear from doing so whatsoever with regard to the Collateral or any part thereof, except for any such action or failure to act that constitutes willful misconduct or gross negligence of such Person.

Section 10. Amendments, etc. This Security Agreement may not be amended, modified or waived except with the written consent of each Grantor and the Collateral Agent (acting pursuant to and in accordance with the terms of Section 10.08 of the Credit Agreement). Any amendment, modification or supplement of or to any provision of this Security Agreement, any termination or waiver of any provision of this Security Agreement and any consent to any departure by the Grantor from the terms of any provision of this Security Agreement shall be effective only in the specific instance and for the specific purpose for which made or given. For the avoidance of doubt, it is understood and agreed that any amendment, amendment and restatement, waiver, supplement or other modification of or to any Intercreditor Agreement or any Other Intercreditor Agreement that would have the effect, directly or indirectly, through any reference herein to any Intercreditor Agreement or any Other Intercreditor Agreement or otherwise, of waiving, amending, supplementing or otherwise modifying this Security Agreement, or any term or provision hereof, or any right or obligation of any Grantor hereunder or in respect hereof, shall not be given such effect except pursuant to a written instrument executed by such Grantor and the Collateral Agent in accordance with this Section 10. Notwithstanding the foregoing, the Grantors may cause the Schedules hereto to be amended, supplemented or otherwise modified without the consent of any Person in order to (i) evidence the addition of Collateral pursuant to Section 27 or the release of Collateral pursuant to Section 11, or (ii) otherwise evidence the release or addition of Collateral in accordance with this Security Agreement and the Credit Agreement.

Section 11. Release; Termination.

(a) At such time as the Obligations (other than any contingent indemnification Obligations for which no demand has been made and any Obligations owing to a Non-Lender Secured Party) then due and owing shall have been paid in full, the Commitments under the Credit Agreement have been terminated and no Letters of

Credit shall be outstanding (except for Letters of Credit that have been cash collateralized or otherwise provided for in a manner reasonably satisfactory to the Administrative Agent), all Collateral shall be automatically released from the Liens created hereby, and this Security Agreement and all obligations (other than those expressly stated to survive such termination) of the Collateral Agent and each Grantor shall automatically terminate, all without delivery of any instrument or performance of any act by any party, and all rights to the Collateral shall revert to the applicable Grantor. At the request and sole expense of any Grantor following any such termination, the Collateral Agent shall promptly execute, acknowledge and deliver to such Grantor such releases, instruments or other documents (including without limitation UCC termination statements), and do or cause to be done all other acts, as such Grantor shall reasonably request to evidence such termination.

(b) Upon any Permitted Disposition of Collateral (whether by way of the sale of assets or the sale of Capital Stock of a Grantor of Collateral) of the type described in items (1), (2) (provided the requirements set forth in the first proviso to such section are satisfied), (4) and (5) of the definition of "Permitted Disposition" or any other type of Permitted Disposition involving divestiture of any Grantor's title to the related Collateral under the Credit Agreement, the Lien pursuant to this Security Agreement on such sold or disposed of Collateral shall be automatically released. In connection with any other Disposition of Collateral not covered by the preceding sentence (whether by way of the sale of assets or the sale of Capital Stock of a Grantor of such Collateral) permitted under the Credit Agreement, the Collateral Agent shall, upon receipt from such Grantor of a written request for the release of the Collateral subject to such sale or other disposition (or in the case of a sale of Capital Stock of such Grantor, the release of such Grantor's Collateral), at such Grantor's sole cost and expense, promptly execute, acknowledge and deliver to such Grantor such releases, instruments or other documents (including without limitation UCC termination statements and any amendment or modification of this Security Agreement pursuant to a Security Supplement or otherwise), and do or cause to be done all other acts, as such Grantor shall reasonably request to evidence or effect the release of the Liens created hereby (if any) on such Collateral.

(c) If the Borrower or any other Grantor requests release documentation with respect to any Collateral released as provided in this Section 11, including without limitation UCC termination statements, any amendment or modification of this Security Agreement pursuant to a Security Supplement or otherwise, or other release-related documentation, the Borrower or other Grantor requesting such documentation shall deliver to the Collateral Agent an Officer's Certificate stating that the release of such Grantor's respective Collateral that is to be evidenced by such UCC termination statements or other instruments is permitted pursuant to this Section 11 and the relevant provisions of the Credit Agreement (provided that an Officer's Certificate delivered to the Collateral Agent pursuant to Section 6.09(c) of the Credit Agreement shall be deemed to satisfy the requirements of this clause (c)). The Collateral Agent shall have no liability whatsoever to any Secured Party as the result of any release of Collateral by it as permitted by this Section 11.

(d) Upon the release of any Grantor from its guarantee of the Obligations pursuant to Section 9.05 (a) or (b) of the Credit Agreement, such Grantor shall cease to be a Grantor hereunder and the items of Collateral owned by such Grantor shall be released from the Lien and security interest granted hereby, and in connection therewith, the Collateral Agent will, at the applicable Grantor's sole expense and cost, promptly execute, acknowledge and deliver to such Grantor such releases, instruments or other documents (including without limitation UCC termination statements and any amendment or modification of this Security Agreement pursuant to a Security Supplement or otherwise), and do or cause to be done all other acts, as such Grantor shall reasonably request to evidence or effect the release of the Liens created hereby (if any) on such Collateral.

(e) The Liens on any Account Collateral that is withdrawn from any Account (in each case, in compliance with the Credit Agreement) prior to receipt of a Notice of Exclusive Control (as defined in the applicable Account Control Agreement) by the Securities Intermediary (as defined in the Account Control Agreement) or after receipt of a Rescission Notice (as defined in the Account Control Agreement) by the Securities Intermediary shall be automatically released upon such withdrawal.

Section 12. No Waiver, Discontinuance of Proceeding.

(a) Each and every right, power and remedy hereby specifically given to the Collateral Agent or otherwise in this Security Agreement shall be cumulative and shall be in addition to every other right, power and remedy specifically given under this Security Agreement or the other Loan Documents now or hereafter existing at law, in equity or by statute and each and every right, power and remedy whether specifically herein given or otherwise existing may be exercised from time to time or simultaneously and as often and in such order as may be deemed expedient by the Collateral Agent. All such rights, powers and remedies shall be cumulative and the exercise or the beginning of the exercise of one shall not be deemed a waiver of the right to exercise any other or others. No delay or omission of the Collateral Agent in the exercise of any such right, power or remedy and no renewal or extension of any of the Obligations shall impair any such right, power or remedy or shall be construed to be a waiver of any default or Event of Default or an acquiescence therein. No notice to or demand on the Grantors in any case shall entitle them to any other or further notice or demand in similar or other circumstances or constitute a waiver of any of the rights of the Collateral Agent to any other or further action in any circumstances without notice or demand. In the event that the Collateral Agent shall bring any suit to enforce any of its rights hereunder and shall be entitled to judgment, then in such suit the Collateral Agent may recover reasonable expenses, including reasonable attorneys' fees and expenses, and the amounts thereof shall be included in such judgment.

(b) In the event the Collateral Agent shall have instituted any proceeding to enforce any right, power or remedy under this Security Agreement by foreclosure, sale, entry or otherwise, and such proceeding shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Collateral Agent, then and in every such case each Grantor, the Collateral Agent and each holder of any of the Obligations shall to the extent permitted by applicable law be restored to its respective former positions and rights hereunder with respect to the Collateral, and all rights, remedies and powers of the Collateral Agent and the Secured Parties shall continue as if no such proceeding had been instituted.

Section 13. No Legal Title to Collateral in Secured Party. No Secured Party shall have legal title to any part of the Collateral. No transfer, by operation of law or otherwise, of any portion of the Loan or other right, title and interest of a Secured Party in and to the Collateral or this Security Agreement shall operate to terminate this Security Agreement or entitle any successor or transferee of such Secured Party to an accounting or to the transfer to it of legal title to any part of the Collateral.

Section 14. Sale of Collateral by Collateral Agent is Binding. Any sale or other conveyance of any item of Collateral or any interest therein by the Collateral Agent made pursuant to the terms of this Security Agreement, the Credit Agreement and each applicable Intercreditor Agreement and Other Intercreditor Agreement, shall bind the Secured Parties and the Grantor, and shall be effective to transfer or convey all right, title and interest of the Collateral Agent, the Grantor, and the Secured Parties in and to any such item of Collateral or any interest therein. No purchaser or other grantee shall be required to inquire as to the authorization, necessity, expediency or regularity of such sale or conveyance or as to the application of any sale or other Proceeds with respect thereto by the Collateral Agent.

Section 15. Benefit of Security Agreement. Nothing in this Security Agreement, whether express or implied, shall be construed to give to any Person other than the Grantor, the Collateral Agent and the Secured Parties any legal or equitable right, remedy or claim under or in respect of this Security Agreement.

Section 16. Collateral Agent.

(a) Citicorp North America, Inc., as collateral agent under the 2013 Security Agreement, assigns all of its rights, interests and obligations under the 2013 Security Agreement to the Collateral Agent and the Collateral Agent hereby assumes all such rights, interests and obligations.

(b) It is expressly understood and agreed by the parties hereto, and each Secured Party, by accepting the benefits of this Security Agreement, acknowledges and agrees, that the obligations of the Collateral Agent as holder of the Collateral and interests therein and with respect to the disposition thereof, and otherwise under this Security Agreement, are only those expressly set forth in this Security Agreement. The Collateral Agent shall act hereunder on the terms and conditions set forth in the Credit Agreement.

Section 17. Notices. Except as otherwise specified herein, all notices required or permitted to be given under this Security Agreement shall be in conformance with and subject to the terms of Section 10.01 of the Credit Agreement. All such notices shall be delivered to the respective addresses for the Grantors and the Collateral Agent set forth in the Credit Agreement.

Section 18. Successors and Assigns. This Security Agreement shall be binding upon each Grantor and its successors and assigns and shall inure to the benefit of the Collateral Agent and each Secured Party and their respective successors and assigns; provided that no Grantor may transfer or assign any or all of its rights or obligations hereunder without the prior written consent of the Collateral Agent. Without limiting the generality of the foregoing and subject to the provisions of the applicable Loan Documents (including any Intercreditor Agreement and any Other Intercreditor Agreement), any Secured Party may assign or otherwise transfer any indebtedness held by it secured by this Security Agreement to any other Person, and following such assignment or transfer, the Collateral Agent shall hold the security interest and mortgage of this Security Agreement for the benefit of such other Person, subject, however, to the provisions of the applicable Loan Documents (including any Intercreditor Agreement and any Other Intercreditor Agreement).

All agreements, statements, representations and warranties made by a Grantor herein or in any certificate or other instrument delivered by such Grantor or on its behalf under this Security Agreement shall be considered to have been relied upon by the Secured Parties and shall survive the execution and delivery of this Security Agreement and the other Loan Documents regardless of any investigation made by the Secured Parties or on their behalf.

Section 19. Governing Law; Submission to Jurisdiction; Service of Process. THIS SECURITY AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HERETO SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK. THE PROVISIONS OF SECTIONS 10.05 AND 10.15 OF THE CREDIT AGREEMENT ARE INCORPORATED HEREIN *MUTATIS MUTANDIS*, AS IF FULLY SET FORTH HEREIN.

Section 20. Security Interest Absolute. The obligations of each Grantor hereunder shall remain in full force and effect without regard to, and shall not be impaired by, (a) any exercise or non-exercise, or any waiver of, any right, remedy, power or privilege under or in respect of this Security Agreement or any other Loan Document, except as specifically set forth in a waiver granted pursuant to Section 10.08 of the Credit Agreement or (b) any amendment to or modification of any Loan Document or any security for any of the Obligations, whether or not the Grantors shall have notice or knowledge of any of the foregoing, except as specifically set forth in an amendment or modification executed pursuant to Section 10.08 of the Credit Agreement.

Section 21. Severability of Provisions. Any provision of this Security Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

Section 22. Headings. Section headings used in this Security Agreement are for convenience of reference only and shall not affect the construction of this Security Agreement.

Section 23. Execution in Counterparts. This Security Agreement may be executed in any number of counterparts, each of which counterparts, when so executed and delivered, shall be deemed to be an original, and all of which counterparts, taken together, shall constitute one and the same Agreement. A set of the counterparts executed by all the parties hereto shall be lodged with the Grantor and the Collateral Agent. Delivery of an executed counterpart of a signature page of this Security Agreement by facsimile or electronic .pdf copy shall be effective as delivery of a manually executed counterpart of this Security Agreement.

Section 24. Survival of Representations and Warranties, etc. All representations and warranties made by each Grantor herein or in any certificate or other instrument delivered by each Grantor or on its behalf under this Security Agreement shall be considered to have been relied upon by the Secured Parties and shall survive the execution and delivery of this Security Agreement and the other Loan Documents.

Section 25. Conflicts with other Loan Documents. Unless otherwise expressly provided in this Security Agreement, if any provision contained in this Security Agreement conflicts with any provision of any other Loan Document, the provision contained in this Security Agreement shall govern and control, except to the extent of a conflict with the Credit Agreement, in which case the Credit Agreement shall control; provided, that the inclusion of supplemental rights or remedies in favor of the Collateral Agent or the Lenders in any other Loan Document shall not be deemed a conflict with this Security Agreement.

Section 26. Additional Grantors. If, at the option of the Borrower or as required pursuant to Section 5.09(a) of the Credit Agreement, the Borrower shall cause any Subsidiary that is not a Grantor to become a Grantor hereunder (each such Affiliate, an "Additional Grantor"), such Subsidiary shall execute and deliver to the Collateral Agent a Joinder Agreement substantially in the form of Exhibit B and shall thereafter for all purposes be a party hereto and have the same rights, benefits and obligations as a Grantor party hereto on the Closing Date, it being understood that Section 2 shall apply to, and the representations and warranties contained in Section 5 shall be made by, such Subsidiary only after such Subsidiary executes and delivers to the Collateral Agent a Joinder Agreement.

Section 27. Additional Collateral. Any Grantor may elect at any time, without the consent of the Collateral Agent or any Secured Party, to subject to the Lien of this Security Agreement any Additional Pledged Accounts or Additional Pledged Equipment subject to the delivery of the following documents at no cost to the Collateral Agent or any Secured Party:

(i) a Security Supplement duly executed by such Grantor, (A) identifying the Additional Pledged Equipment or Additional Pledged Accounts and (B) amending or supplementing Schedules 1 through 6 to the extent necessary to describe any such Additional Pledged Equipment or Additional Pledged Accounts, as applicable, or otherwise amending or supplementing such schedules to the extent necessary to give effect to this Section 27;

(ii) financing statements or amendments to financing statements describing such Additional Pledged Equipment or Additional Pledged Accounts, as applicable; and

(iii) in the case of any Additional Pledged Accounts, an Account Control Agreement or an amendment to the applicable Account Control Agreement with respect to such Additional Pledged Accounts.

For all purposes hereof, upon the attachment of the Lien of this Security Agreement thereto, the Additional Pledged Accounts, and/or the Additional Pledged Equipment, if any, shall become part of the Collateral, each such Additional Pledged Accounts shall be deemed "Pledged Accounts" as defined herein and all such Additional Pledged Equipment shall be deemed "Pledged Equipment" as defined herein.

Section 28. Reinstatement. Each Grantor agrees that, if any payment made by any Grantor or other Person and applied to the Obligations is at any time annulled, avoided, set aside, rescinded, invalidated, declared to be fraudulent or preferential or otherwise required to be refunded or repaid, or the proceeds of any Collateral are required to be returned by any Secured Party to such Grantor, its estate, trustee, receiver or any other party under any bankruptcy law, state or federal law, common law or equitable cause, then, to the extent of such payment or repayment, any Lien or other Collateral securing such liability shall be and remain in full force and effect, as fully as if such payment had never been made. If, prior to any of the foregoing, any Lien or other Collateral securing such Grantor's liability hereunder shall have been released or terminated by virtue of the foregoing, such Lien or other Collateral shall be reinstated in full force and effect and such prior release, termination, cancellation or surrender shall not diminish, release, discharge, impair or otherwise affect the obligations of any such Grantor in respect of any Lien or other Collateral securing such obligation or the amount of such payment.

Section 29. Indemnification. Without limiting the availability of any indemnity pursuant to any other Loan Document, each Grantor agrees:

(a) to pay, or reimburse the Collateral Agent for any and all reasonable fees, costs and expenses of whatever kind or nature incurred in connection with the creation, preservation or protection of the Collateral Agent's Liens on, and security interest in, the

Collateral, including, without limitation, all fees and taxes in connection with the recording or filing of instruments and documents in public offices, payment or discharge of any taxes or Liens upon or in respect of the Collateral, premiums for insurance with respect to the Collateral and all other reasonable fees, costs and expenses in connection with protecting, maintaining or preserving the Collateral and the Collateral Agent's interest therein, whether through judicial proceedings or otherwise, or in defending or prosecuting any actions, suits or proceedings arising out of or relating to the Collateral; and

(b) to pay, indemnify and hold the Indemnitees harmless from and against any loss, costs, damages and expenses which the Indemnitees may suffer, expend or incur in consequence of or growing out of any misrepresentation by such Grantor in this Security Agreement, or any other Loan Document or in any writing contemplated by or made or delivered pursuant to or in connection with this Security Agreement or any other Loan Document (collectively, the "Indemnified Liabilities"); provided that the Grantors shall not have any obligation to the Indemnitees hereunder with respect to any Indemnified Liabilities to the extent such Indemnified Liabilities arise from the gross negligence or willful misconduct of any Indemnitee (as actually and finally determined by a final and non-appealable judgment of a court of competent jurisdiction) and only to the extent that such Indemnified Liabilities constitute direct (as opposed to special, indirect, punitive or consequential) damages.

Section 30. Indemnity Obligations Secured by Collateral. Any amounts paid by any Indemnitee as to which such Indemnitee has the right to reimbursement shall constitute Obligations secured by the Collateral. The indemnity obligations of each Grantor contained in Section 29 shall continue in full force and effect notwithstanding the full payment of the Loan and the payment of all other Obligations and notwithstanding the discharge thereof.

[Remainder of this page intentionally left blank]

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

AMERICAN AIRLINES, INC.

By: _____
Name:
Title:

ACCEPTED AND AGREED
as of the date first above written:

CITIBANK, N.A.,
as Collateral Agent

By: _____
Name:
Title:

CITICORP NORTH AMERICA, INC.
solely for purposes of the assignment set forth in Section 16

By: _____
Name:
Title:

Schedule 1 to the
Security Agreement

PLEDGED FLIGHT SIMULATORS

American Airlines, Inc.

Pledged Flight Simulators

Grantor	FAA ID#	Type	Specifications	Location
American Airlines, Inc.	613	A320-200	Level D Six Axis MRF - CAE Approval Date - 1999 Visual - CAE Max Vue 180X40 deg	American Airlines Charlotte Flight Training Center 4800 Hangar Road Charlotte, NC 28208
American Airlines, Inc.	643	A330-300	Level D Six Axis MFR - CAE Approval Date - 1999 Visual - CAE Max Vue 180X40 deg	American Airlines Charlotte Flight Training Center 4800 Hangar Road Charlotte, NC 28208
American Airlines, Inc.	060	B757-200	Level C Six Axis MRF – CAE Approval date - 1992 Visual - CAE Tropos /4W/4CH	American Airlines Charlotte Flight Training Center 4800 Hangar Road Charlotte, NC 28208
American Airlines, Inc.	902	Embraer 170	Level D Six Axis MRF - CAE Approval date - 2004 Visual - CAE Tropos/3CH	American Airlines Charlotte Flight Training Center 4800 Hangar Road Charlotte, NC 28208
American Airlines, Inc.	631	A320-200	Level D Six Axis MRF - CAE Approval date – 1999 Visual - CAE Max Vue 180X40 deg	American Airlines Charlotte Flight Training Center 4800 Hangar Road Charlotte, NC 28208
American Airlines, Inc.	312	B757-200	Level D Six Axis MRF - CAE Approval date – 1990 Visual - E&S SPX200 4W/3CH	American Airlines Phoenix Flight Training Center 1950 East Buckeye Road Phoenix, AZ 85034

GROUND SERVICE EQUIPMENT

NONE

PLEDGED ACCOUNTS

NONE

Schedule 4 to the
Security Agreement

SCHEDULE OF LOCATIONS OF GRANTORS

Grantor	Jurisdiction of Organization/Organizational No.
American Airlines, Inc.	**Delaware Corporation (Org ID: 332421)**

CONSENTS

1. Consent of CAE, Inc. with respect to the flight simulator software and visual software
2. Consent of The Boeing Company with respect to the flight simulator data
3. Consent of Airbus with respect to the flight simulator data
4. Consent of Embraer with respect to the flight simulator data

LOCATIONS OF PLEDGED EQUIPMENT

NONE

EXHIBIT A

SUPPLEMENT NO. __ TO SECURITY AGREEMENT

SUPPLEMENT NO. , dated as of , 20 (this "Security Supplement"), to the Amended and Restated Security Agreement, dated as of December 15, 2016 (as the same may be amended, restated supplemented or otherwise modified from time to time, the "Security Agreement") among AMERICAN AIRLINES, INC., a Delaware corporation (together with its successors and assigns, the "Borrower"), certain Affiliates (and their respective successors and assigns) of the Borrower from time to time party thereto pursuant to Section 26 thereof (together with the Borrower, the "Grantors"), and CITIBANK, N.A., as Collateral Agent and collateral agent for the Secured Parties (as hereinafter defined) (together with its successors and assigns, the "Collateral Agent")

A. Capitalized terms used herein and not otherwise defined herein (including terms used in the preamble and the recitals) shall have the meanings assigned to such terms in the Security Agreement;

B. The rules of construction and other interpretive provisions specified in the Security Agreement shall apply to this Security Supplement.

C. [Pursuant to Section 3(c) of the Security Agreement, each Grantor has agreed to deliver to the Collateral Agent a written supplement substantially in the form of Exhibit A thereto with respect to Additional Pledged Ground Service Equipment, Additional Pledged Flight Simulators and Additional Pledged Accounts. The Grantors have identified such Additional Pledged Ground Service Equipment, Additional Pledged Flight Simulators and Additional Pledged Accounts acquired by such Grantors after the date of the Security Agreement set forth on Schedules 1, 2 and 3 hereto (collectively, the "Additional Collateral").][1]

D. [Pursuant to Section 11 of the Security Agreement, each Grantor has agreed to deliver to the Collateral Agent a written supplement substantially in the form of Exhibit A thereto with respect to the release of any Collateral hereunder.][2]

Accordingly, the Collateral Agent and the Grantors agree as follows:

Section 1. Schedules [1, 2 and 3][3] of the Security Agreement are hereby [supplemented][restated], as applicable, by the information set forth in Schedules [1, 2 and 3][4] hereto.

---

1 To be included for any Additional Pledged Ground Service Equipment, Additional Pledged Flight Simulators and Additional Pledged Accounts.
2 To be included for the release of any Collateral under the Security Agreement.
3 Additional schedules to be included if applicable.
4 Additional schedules to be included if applicable

Section 2. This Security Supplement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Delivery by facsimile or other electronic transmission (i.e., "pdf" or "tif") of an executed counterpart of a signature page to this Security Supplement shall be effective as delivery of an original executed counterpart of this Security Supplement. The Collateral Agent may also require that any such documents and signatures delivered by facsimile or other electronic transmission be confirmed by a manually-signed original thereof, provided that the failure to request or deliver the same shall not limit the effectiveness of any document or signature delivered by facsimile or other electronic transmission.

Section 3. This Security Supplement shall be construed as supplemental to the Security Agreement and shall form a part thereof, and the Security Agreement is hereby incorporated by reference herein and is hereby ratified, approved and confirmed and terms not otherwise defined herein shall have the meaning provided in the Security Agreement.

Section 4. THIS SECURITY SUPPLEMENT IS BEING DELIVERED IN THE STATE OF NEW YORK AND SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

IN WITNESS WHEREOF, the Grantor has caused this Security Supplement to be duly executed by one of its duly authorized officers, as of the day and year first above written.

[_____]

By: _____
Name:
Title:

SCHEDULE 1
TO SUPPLEMENT NO.____

DESCRIPTION OF ADDITIONAL PLEDGED FLIGHT SIMULATORS

SCHEDULE 2
TO SUPPLEMENT NO.____

DESCRIPTION OF ADDITIONAL PLEDGED GROUND SERVICE EQUIPMENT

SCHEDULE 3
TO SUPPLEMENT NO.____

DESCRIPTION OF ADDITIONAL PLEDGED ACCOUNTS

EXHIBIT B

FORM OF JOINDER AGREEMENT

This JOINDER AGREEMENT, dated as of , 20 , is delivered pursuant to Section 26 of the Amended and Restated Security Agreement, dated as of December 15, 2016 (the "Security Agreement"), by American Airlines, Inc. (the "Borrower") and the Affiliates of the Borrower from time to time party thereto, as Grantors, in favor of the Citibank, N.A., as Collateral Agent and collateral agent for the Secured Parties referred to therein. Capitalized terms used herein without definition are used as defined in the Security Agreement.

By executing and delivering this Joinder Agreement, the undersigned, as provided in Section 26 of the Security Agreement, hereby becomes a party to the Security Agreement as a Grantor thereunder with the same force and effect as if originally named as a Grantor therein and, without limiting the generality of the foregoing, as collateral security for the prompt and complete payment and performance when due (whether at stated maturity, by acceleration or otherwise) of the Obligations of the undersigned, hereby grants, bargains, sells, assigns, transfers, conveys, mortgages, and pledges to the Collateral Agent for the benefit of the Secured Parties, and grants to the Collateral Agent for the benefit of the Secured Parties a lien on and security interest in, all of its right, title and interest in, to and under the Collateral of the undersigned and expressly assumes all obligations and liabilities of a Grantor thereunder. The undersigned hereby agrees to be bound as a Grantor for the purposes of the Security Agreement.

The information set forth in the schedules to this Joinder Agreement is hereby added to the information set forth in Schedule 1 through 6, as applicable, of the Security Agreement. By acknowledging and agreeing to this Joinder Agreement, the undersigned hereby agrees that this Joinder Agreement may be attached to the Security Agreement and that the Collateral listed on the schedules to this Joinder Amendment shall be and become part of the Collateral referred to in the Security Agreement and shall secure all Obligations of the undersigned.

The undersigned hereby represents and warrants that each of the representations and warranties contained in Section 5 of the Security Agreement applicable to it is true and correct on and as the date hereof as if made on and as of such date.

IN WITNESS WHEREOF, the undersigned has caused this Joinder Agreement to be duly executed and delivered as of the date first above written.

[ADDITIONAL GRANTOR]

By: _____
Name:
Title:

EXHIBIT D to
CREDIT AND GUARANTY AGREEMENT

FORM OF

SPARE PARTS SECURITY AGREEMENT

Dated as of [ ], 20[ ]

Between

AMERICAN AIRLINES, INC.,

as Grantor

and

CITIBANK, N.A.,

as Administrative Agent and Collateral Agent

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SPARE PARTS SECURITY AGREEMENT

This SPARE PARTS SECURITY AGREEMENT dated as of [ ], 20[ ] (this "Security Agreement"), is between [American Airlines, Inc., a Delaware corporation] (together with its successors and assigns, the "Grantor"), and Citibank, N.A., as administrative agent and collateral agent for the Secured Parties (as hereinafter defined) (together with any successor administrative agent appointed pursuant to the Credit Agreement (as hereinafter defined), the "Collateral Agent").

WITNESSETH:

WHEREAS, the Grantor is a certificated U.S. air carrier under Section 44705 of Title 49 of the United States Code and holds air carrier operating certificates;

WHEREAS, the Grantor, the other Affiliates of the Grantor party thereto (together with the Grantor, the "Borrower Parties"), the several lenders from time to time party thereto (collectively, the "Lenders") and the Collateral Agent are parties to that certain Amended and Restated Credit and Guaranty Agreement dated as of December 15, 2016 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement");

WHEREAS, to induce the Lenders to enter into the Credit Agreement, the Borrower Parties have agreed to enter into Collateral Documents from time to time;

WHEREAS, the Collateral Agent and one or more Additional Agents may in the future enter into one or more Intercreditor Agreement and/or Other Intercreditor Agreements; and

WHEREAS, the Grantor may establish one or more accounts for cash and to hold securities and other financial assets (each, an "Account") that will be subject to one or more Account Control Agreements.

NOW, THEREFORE, in consideration of these premises and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE I.

DEFINITIONS

Section 1.1. Definitions. For all purposes of this Security Agreement, unless the context otherwise requires, capitalized terms used but not defined herein have the respective meanings set forth or incorporated by reference in **Annex A**, or if not defined in **Annex A**, the meanings set forth in the Credit Agreement.

Section 1.2. Rules of Interpretation.

(a) The definitions stated herein shall be equally applicable to the singular and plural forms of the terms defined.

(b) The parties to this Security Agreement agree that the rules of interpretation set out in Section 1.02 of the Credit Agreement shall apply to this Security Agreement mutatis mutandis as if set out in this Security Agreement.

ARTICLE II.

SECURITY

Section 2.1. Grant of Security Interest. The Grantor, in order to secure (i) the prompt payment of all the payment Obligations in full when due and (ii) the performance and observance by the Grantor and each other Obligor of all other Obligations, in each case whether by lapse of time, acceleration, mandatory prepayment or otherwise, and in consideration of the premises and of the covenants herein contained, and of other good and valuable consideration, the receipt of which is hereby acknowledged, does hereby grant, bargain, sell, assign, transfer, convey, mortgage, pledge and confirm unto the Collateral Agent, its permitted successors and assigns, for the security and benefit of the Secured Parties until released pursuant to Section 6.12, a continuing security interest in, and mortgage lien on, all estate, right, title and interest of the Grantor in, to and under the following described properties, rights, interests and privileges, whether now owned or hereafter acquired and wherever located (which, collectively, including all property hereafter specifically subjected to the Lien of this Security Agreement by any instrument supplemental hereto, are referred to herein as the "Collateral"):

(a) the Pledged Spare Parts and all replacements therefor and substitutions therefor in which the Grantor shall from time to time acquire an interest;

(b) the Records;

(c) all of the right, title and interest of such Grantor in, to and under each Account and all cash, checks, securities, money orders and other items of value of such Grantor now or hereafter paid, deposited, credited or held (whether for collection, provisionally or otherwise) in each Account (the "Account Collateral");

(d) all insurance proceeds and condemnation proceeds and any other proceeds of any kind resulting from an Event of Loss, but excluding any liability insurance maintained by the Grantor;

(e) the rights of the Grantor under any warranty or indemnity, express or implied, regarding title, materials, workmanship, design or patent infringement or related matters in respect of the Pledged Spare Parts;

(f) all rents, issues, profits, revenues and other income of the property subjected to the Lien of this Security Agreement;

(g) any and all property that may, from time to time hereafter, by Security Agreement Supplement be subjected to the lien and security interest hereof and the Collateral Agent is hereby authorized to receive the same at any and all times as and for additional security hereunder;

(h) all Proceeds of the foregoing.

PROVIDED, HOWEVER, that notwithstanding any of the foregoing provisions of this Section 2.1, unless and until an Event of Default shall have occurred and be continuing (i) the Grantor shall have the right, to the exclusion of the Collateral Agent and the other Secured Parties, to quiet enjoyment of the Pledged Spare Parts and other Collateral, and to possess, use, retain and control the Pledged Spare Parts and other Collateral and all revenues, income and profits derived therefrom and (ii) neither the Collateral Agent, acting on behalf of the Secured Parties, nor any Secured Party, shall, through its own actions or inactions, interfere with, or suffer to exist with respect to any Pledged Spare Part or other Collateral any Lien attributable to the Collateral Agent or any Secured Party which might interfere with, the Grantor's continued possession, use and operation of, and quiet enjoyment of, each Pledged Spare Part and all other Collateral without hindrance during the term of this Security Agreement in accordance with the terms of the Loan Documents.

TO HAVE AND TO HOLD the Collateral unto the Collateral Agent, its permitted successors and assigns, until the Termination Date or until otherwise released pursuant to Section 6.12, upon the terms herein set forth, in trust for the benefit, security and protection of the Secured Parties, and for the uses and purposes and subject to the terms and provisions set forth in this Security Agreement and the Credit Agreement.

It is expressly agreed that anything herein contained to the contrary notwithstanding, the Grantor shall remain liable under each of the contracts and agreements included in the Collateral to which it is a party to perform all of the obligations assumed by it thereunder, all in accordance with and pursuant to the terms and provisions thereof, and no Secured Party shall have any obligation or liability under any such contracts and agreements to which the Grantor is a party by reason of or arising out of the assignment hereunder, nor shall any Secured Party be required or obligated in any manner to perform or fulfill any obligations of the Grantor under any such contracts and agreements to which the Grantor is a party, or, except as herein expressly provided, to make any payment, or to make any inquiry as to the nature or sufficiency of any payment received by it, or present or file any claim, or take any action to collect or enforce the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

The Grantor does hereby irrevocably constitute and appoint the Collateral Agent the true and lawful attorney of the Grantor (which appointment is coupled with an interest) with full power (in the name of the Grantor or otherwise) to ask, require, demand, receive, compound and give acquittance for any and all moneys and claims for moneys (in each case including insurance and requisition proceeds) and all other property which now or hereafter constitute part of the Collateral, to endorse any checks or other instruments or orders in connection therewith and to file any claims or to take any action or to institute any proceeding which the Collateral Agent may deem to be necessary or advisable in the premises; provided that the Collateral Agent shall not exercise any of such rights except upon the occurrence and during the continuance of an Event of Default.

The Grantor agrees that (x) on the date hereof, (y) promptly upon any Collateral becoming subject to the Lien of this Security Agreement and (z) at any time and from time to time upon the written request of the Collateral Agent, at the Grantor's sole cost and expense, other than with respect to Excluded Spare Parts, the Grantor will promptly and duly execute and deliver and record (as applicable) or cause to be duly executed and delivered and recorded any and all further agreements, financing statements, instruments, certificates and documents as the Collateral Agent may reasonably deem necessary or advisable to create, preserve, perfect, confirm or validate the security interests in the Collateral or to enable the Collateral Agent to obtain the full benefits of this Security Agreement or to enable the Collateral Agent to lawfully enforce any of its rights, powers and remedies hereunder with respect to any of the Collateral, it being acknowledged and agreed that the Collateral Agent is expressly authorized to unilaterally exercise or cause to be exercised any and all rights of a secured party permitted to be exercised unilaterally hereunder or under applicable law, including the filing of UCC financing statements (or amendments thereto) in respect of any of the Collateral.

Notwithstanding anything herein to the contrary, it is the understanding of the parties hereto that the Liens granted pursuant to Section 1 shall, prior to the Discharge of Additional Obligations that are Senior Priority Obligations, be pari passu and equal in priority to the Liens granted to any Additional Agent for the benefit of the holders of the applicable Additional Obligations that are Senior Priority Obligations to secure such Additional Obligations that are Senior Priority Obligations pursuant to the applicable Additional Collateral Documents (except as may be separately otherwise agreed between the Collateral Agent, on behalf of itself and the Secured Parties, and any Additional Agent, on behalf of itself and the Additional Credit Facility Secured Parties represented thereby). The Collateral Agent acknowledges and agrees that, in the event that it enters into an Intercreditor Agreement or an Other Intercreditor Agreement, the relative priority of the Liens granted to the Collateral Agent, the Administrative Agent and any Additional Agent shall be determined solely (as between the parties to such Intercreditor Agreement

or Other Intercreditor Agreement and except as otherwise provided therein) pursuant to the applicable Intercreditor Agreements and Other Intercreditor Agreements, and not by priority as a matter of law or otherwise. Notwithstanding anything herein to the contrary, the Liens granted to the Collateral Agent pursuant to this Security Agreement and the exercise of any right or remedy by the Collateral Agent hereunder are subject to the provisions of the applicable Intercreditor Agreements and Other Intercreditor Agreements. In the event of any conflict between the terms of any Intercreditor Agreement or any Other Intercreditor Agreement and this Security Agreement, the terms of such Intercreditor Agreement or Other Intercreditor Agreement, as applicable, shall govern and control as among (i) the Collateral Agent and any Additional Agent, in the case of the Intercreditor Agreement, and (ii) the Collateral Agent and any other secured creditor (or agent therefor) party thereto, in the case of any Other Intercreditor Agreement. In the event of any such conflict, the Grantors may act (or omit to act) in accordance with such Intercreditor Agreement or such Other Intercreditor Agreement, as applicable, and shall not be in breach, violation or default of its obligations hereunder by reason of doing so. Notwithstanding any other provision hereof, for so long as any Additional Obligations that are Senior Priority Obligations remain outstanding, any obligation hereunder to deliver, transfer or assign to the Collateral Agent any Collateral shall be satisfied by causing such Collateral to be delivered, transferred or assigned to the applicable Senior Priority Representative to be held in accordance with the Intercreditor Agreement.

ARTICLE III.

GENERAL REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 3.1. Representations and Warranties. The Grantor represents and warrants on and as of the date hereof, which representations and warranties shall survive execution and delivery of this Security Agreement, as follows:

(a) Certificated U.S. Air Carrier; Location of Pledged Spare Parts. The grantor is a Certificated Air Carrier and the Pledged Spare Parts which are subject to this Security Agreement are maintained by it or on its behalf. The Spare Parts Locations identified on Schedule I hereto or otherwise identified on a Security Agreement Supplement hereto are the only locations at which Pledged Spare Parts (other than Excluded Spare Parts) are maintained by the Grantor (or on its behalf).

(b) Necessary Filings. Other than with respect to Excluded Spare Parts and the Account Collateral, upon (i) the filing of this Security Agreement with the FAA in accordance with the Federal Aviation Act and the regulations thereunder and (ii) any local filings under the UCC that the Collateral Agent shall reasonably deem necessary or advisable, all filings, registrations and recordings that the Collateral Agent shall reasonably deem necessary or advisable

to create, preserve, protect and perfect the security interest granted by the Grantor to the Collateral Agent hereby in respect of the Collateral will have been accomplished or, as to Collateral to become subject to the security interest of this Security Agreement as provided herein from time to time after the date hereof, will be accomplished simultaneously with such Collateral being subject to the Lien of this Security Agreement, and the security interest granted to the Collateral Agent pursuant to this Security Agreement in and to the Collateral will constitute a perfected security interest therein prior to the rights of all other Persons therein, subject to no other Liens (other than Permitted Liens), and will be entitled to all the rights, priorities and benefits afforded by the Federal Aviation Act and other relevant law as enacted in any relevant jurisdiction to perfected security interests, in each case subject to any Intercreditor Agreement and any Other Intercreditor Agreement,

(c) Location. The Grantor is organized under the laws of the state listed on Schedule II hereto or on an applicable Security Agreement Supplement and the Grantor is a registered organization located in such state for purposes of UCC 9-307.

(d) Recourse. This Security Agreement is made with full recourse to the Grantor and pursuant to and upon all the warranties, representations, covenants and agreements on the part of the Grantor contained herein, in the other Loan Documents and otherwise in writing in connection herewith or therewith.

(e) Section 1110 of the Bankruptcy Code. The Collateral Agent is entitled to the benefits of Section 1110 of the Bankruptcy Code, subject to the Grantor's rights thereunder, with respect to the right to take possession of the Pledged Spare Parts, to the extent that any such Pledged Spare Part was first placed in service after October 22, 1994, and to enforce any of its other rights or remedies as provided in this Security Agreement in the event of a case under Chapter 11 of the Bankruptcy Code in which the Grantor is a debtor, all subject to the provisions and limitations of the Bankruptcy Code.

Section 3.2. Representations, Warranties and Covenants. The Grantor represents, warrants and covenants, which representations, warranties and covenants survive execution and delivery of this Security Agreement, as follows:

(a) No Liens. The Grantor is, and as to Collateral acquired by it from time to time after the date hereof the Grantor will be, the owner of all Collateral free from any Lien, or other right, title or interest of any Person (other than Permitted Liens and the Liens created hereunder), and the Grantor shall defend the Collateral against all claims and demands of all Persons (other than Persons claiming by, through or under the Collateral Agent) at any time claiming the same or any interest therein adverse to the Collateral Agent other than claims or demands arising out of Permitted Liens.

(b) Other Financing Statements. There is no effective financing statement (or similar statement or instrument of encumbrance under the law of any jurisdiction) covering or purporting to cover any interest of any kind in the Collateral (other than with respect to Permitted Liens and other than financing statements with respect to which UCC terminations copies of which have been delivered to the Collateral Agent), and the Grantor will not execute or authorize to be filed in any public office any financing statement (or similar statement or instrument of encumbrance under the law of any jurisdiction) or statements relating to the Collateral, except financing statements filed or to be filed in respect of and covering the security interests granted hereby by the Grantor and financing statements filed or to be filed in respect of and covering Permitted Liens.

(c) No Interim Filings. On and following the date hereof, the Grantor will not execute or authorize any filings, registrations or recordings (other than releases) with the FAA over any Collateral until the filings, registrations or recordings contemplated by Section 3.1(b) have been completed to the satisfaction of the Collateral Agent.

(d) Notice of Certain Changes. It shall give to the Collateral Agent timely notice (but in any event not later than 15 days prior to the expiration of the period of time specified under applicable law to prevent lapse of perfection) of any (a) change in its jurisdiction of incorporation, or (b) change in its name, identity or organizational structure to such an extent that any UCC financing statement filed by the Grantor in connection with this Security Agreement would become seriously misleading.

Section 3.3. Possession, Operation and Use, Maintenance and Registration.

(a) Operation and Use. So long as any Pledged Spare Part is subject to the Lien of this Security Agreement, the Grantor will not maintain, use, service, repair or overhaul any Pledged Spare Part in violation of any law or any rule, regulation, order or certificate of any government or Governmental Authority (domestic or foreign) having jurisdiction, or in violation of any airworthiness certificate, license or registration relating to any Aircraft issued by any such authority except (i) immaterial or non-recurring violations with respect to which corrective measures are taken promptly by the Grantor, or a Lessee, as the case may be upon discovery thereof or (ii) where the validity or application of such law, rule, regulation or order is being contested in good faith in any reasonable manner which does not adversely affect the Lien of this Security Agreement and does not involve any material risk of sale, forfeiture or loss of the applicable Pledged Spare Parts or any other item of Collateral.

(b) Maintenance. So long as any Pledged Spare Part is subject to the Lien of this Security Agreement, the Grantor covenants that it shall maintain or cause to be maintained all records, logs and other materials required to be maintained in respect of such Pledged Spare Part in accordance with its FAA approved maintenance program.

Section 3.4. Tracking System. The Grantor covenants that it shall at all times maintain Tracking Systems substantially similar to the Tracking Systems it maintains as at the date hereof and its perpetual inventory procedures for the Pledged Spare Parts that provide a continuous internal audit of the Pledged Spare Parts; provided that the Grantor may consolidate multiple Tracking Systems into a single Tracking System with similar capabilities. At reasonable times during normal business hours and upon reasonable notice to the Grantor, the Collateral Agent shall be entitled to access and inspect the Tracking Systems to ensure the Grantor's compliance with the terms hereof; provided that, (i) unless a Default or Event of Default shall have occurred and be continuing, such inspections shall occur not more than once per calendar year and (ii) such inspection right shall not be exercised in a manner which is unduly disruptive to the operation or maintenance of the Tracking Systems or the business operations of the Grantor.

Section 3.5. Pledged Spare Parts; Spare Parts Locations. The Grantor covenants as follows:

(a) Possession of Pledged Spare Parts. Except for Permitted Dispositions, without the prior consent of the Collateral Agent, the Grantor covenants that it will not (A) Dispose of any of its Pledged Spare Parts to any Person, except that the Grantor shall have the right in the Ordinary Course of Business, (i) to transfer possession of any Pledged Spare Parts belonging to the Grantor to the manufacturer thereof or any service provider for testing, overhaul, repairs, maintenance, servicing, alterations or modification purposes, (ii) to transfer possession of any Pledged Spare Parts belonging to the Grantor to any Person for the purpose of transport between Spare Parts Locations, transport to/from the manufacturer thereof or any service provider for any of the purposes described in clause (i) above and transport to any other locations owned or operated by the Grantor in the ordinary course of business (iii) to sell, lease, transfer, relinquish possession, exchange or otherwise dispose of its Pledged Spare Parts to the extent permitted in the Credit Agreement, (iv) to subject any Pledged Spare Part to an interchange or pooling, exchange, borrowing, maintenance or servicing arrangement in the Ordinary Course of Business and (v) to sell, lease or otherwise transfer possession of or title to any Pledged Spare Part to any Affiliate of the Borrower that is a grantor under a spare parts security agreement substantially similar to this Security Agreement; provided, however, that if the Grantor's title to any such Pledged Spare Part shall be divested under any situation described in clauses (i) through (iv) above, other than a sale of Pledged Spare Parts, such divestiture shall be deemed to be a Disposition with

respect to such Pledged Spare Part subject to the provisions of Section 2.12(a) of the Credit Agreement or (B) commingle at any location its spare parts which are Collateral with the spare parts of another Affiliate if such other Affiliate has pledged spare parts which are not Collateral to secure any other Indebtedness or obligation, unless (x) the ownership of each such commingled spare part can be definitively determined at all times by reference to the Affiliates' spare parts tracking numbers and system or (y) the spare parts of such Affiliate are not of a type or category of spare parts that corresponds to a type or category of Spare Parts that is included in the Collateral; provided that spare parts that are segregated on a separate aisle, shelf or in a separate storage bin or other storage unit or area shall not be considered as having been commingled even though such spare parts are present at the same location so long as the Obligors install signs in or on each such aisle, shelf, bin or other storage unit or area containing Collateral bearing the inscription: "Property of American Airlines, Inc. (or other applicable Obligor), Mortgaged to Citibank, N.A., as Collateral Agent" (such sign to be replaced if there is a successor Collateral Agent). Notwithstanding anything herein to the contrary, for the avoidance of doubt, the Grantor shall have the right to incorporate in, install on, attach or make appurtenant to, or use in, any aircraft, engine or propeller owned or leased by the Grantor or any Affiliate of the Grantor (whether or not subject to any Lien), any Pledged Spare Part free and clear of the Lien of this Security Agreement.

(b) Spare Parts Locations. The Grantor shall maintain and keep the Pledged Spare Parts at one or more of the Spare Parts Locations, except (i) as otherwise permitted under Section 3.5(a) or (ii) Pledged Spare Parts not held at Spare Parts Locations with an aggregate System Value for such Pledged Spare Parts not in excess of $100 million as of any applicable date. The Grantor may, without the consent of the Collateral Agent or any Lender, (x) subject additional spare parts to the Lien of this Security Agreement or (x) maintain Pledged Spare Parts at one or more locations that are not Spare Parts Locations if the exceptions in the preceding sentence do not apply, if in each case, the Grantor promptly furnishes to the Collateral Agent the following:

(i) a Security Agreement Supplement duly executed by the Grantor, (A) identifying, as applicable, (x) each location that is to become a Spare Parts Location and specifically subjecting the Pledged Spare Parts at such location to the Lien of the Collateral Documents or (y) the additional spare parts being made subject to the Lien of this Security Agreement and the location at which such spare parts are maintained and (B) amending or supplementing Schedules I and III to the extent necessary to describe any such additional Spare Parts Locations or additional Pledged Spare Parts, as applicable; and

(ii) with respect to any Pledged Spare Parts located in the United States, a legal opinion from FAA counsel (which opinion and counsel shall be reasonably satisfactory to the Collateral Agent), dated the date of execution of said Security Agreement Supplement, stating that said Security Agreement Supplement has been duly filed for recording in accordance with the provisions of the Federal Aviation Act, and either: (A) no other filing or recording is required in any other place within the United States in order to perfect the Lien of this Security Agreement on the Collateral identified therein under the laws of the United States, or (B) if any such filing or recording shall be required, that said filing has been accomplished in such other manner and places, which shall be specified in such legal opinion, as are necessary to perfect the Lien of this Security Agreement.

Section 3.6. Event of Loss. The Grantor covenants that all insurance proceeds or condemnation proceeds received with respect to Pledged Spare Parts, whether as a result of the occurrence of an Event of Loss or property damage or loss not constituting an Event of Loss, will be subject to the provisions of Section 2.12(a) of the Credit Agreement to the extent required by such provision.

Section 3.7. Insurance. The Grantor covenants as follows:

(a) Insurance Against Loss or Damage to the Pledged Spare Parts.

(i) Except as provided in Section 3.7(c), the Grantor shall maintain, at its expense, with financially sound and reputable insurance companies, all-risk coverage of Pledged Spare Parts, in such forms and amounts and of such type as from time to time applicable to spare parts owned by the Grantor of the same type as the relevant Pledged Spare Parts; provided that such insurance shall be at least of a scope and coverage as is customarily carried by United States-based major air carriers engaged in the same or similar business, similarly situated with the Grantor and owning similar spare parts; provided, further, that such insurance shall at all times during the term of this Security Agreement be for an amount not less than the Appraised Value applicable to such Pledged Spare Parts. Any policies carried in accordance with this paragraph (a) covering Collateral and any policies taken out in substitution or replacement for any such policies (1) shall be amended to name the Collateral Agent (on behalf of the other Secured Parties) as sole loss payee, as its interest may appear (but without imposing on any such party liability to pay premiums with respect to such insurance), (2) shall provide that if the insurers cancel such insurance for any reason whatever, or such insurance terminates for nonpayment of premium or if any material

change is made in the insurance which adversely affects the interest of the Collateral Agent, such cancellation, lapse or change shall not be effective as to the Collateral Agent for thirty (30) days (ten (10) days in the case of cancellation for failure to pay premiums) after issuance to the Collateral Agent of written notice by such insurers of such cancellation, lapse or change; provided, however, that if any notice period referred to above is not reasonably obtainable, such policies shall provide for as long a period of prior notice as shall then be reasonably obtainable, (3) shall provide that in respect of the interest of the Collateral Agent in such policies the insurance shall not be invalidated by any action or inaction of the Grantor or any other insured and shall insure the Collateral Agent regardless of any breach or violation of any warranty, declaration or condition contained in such policies by the Grantor, (4) shall waive any right of subrogation of the insurers against the Secured Parties but only to the extent the Grantor has waived its rights of recovery against and/or indemnified the Secured Parties under this Agreement, and (5) shall waive any right of the insurers to set-off or counterclaim or any other deduction, whether by attachment or otherwise, in respect of any liability of the Secured Parties or the Grantor to the extent of any moneys due to the Collateral Agent.

(b) Reports, Etc. Except with respect to any insurance provided by the United States government, the Grantor will furnish, or cause to be furnished, to the Collateral Agent, on or before the date hereof and thereafter upon reasonable request by the Collateral Agent, a certificate of insurance and a letter of undertaking, signed by Factory Mutual Insurance Company or any other independent firm of insurance brokers reasonably acceptable to the Collateral Agent which insurance broker may be in the regular employ of the Grantor (the "Insurance Brokers"). The Grantor will cause such Insurance Brokers to agree to advise the Collateral Agent in writing (except to the extent that agreement to provide such notice is not commercially available from such Insurance Broker, in which case the Grantor shall provide such written notice to the Collateral Agent) of any default in the payment of any premium. In addition, the Grantor will also cause such Insurance Brokers to deliver to the Collateral Agent, on or prior to the date of expiration of any insurance policy referenced in a previously delivered certificate of insurance, a new certificate of insurance, substantially in the same form as delivered by the Grantor to the Collateral Agent on the date hereof or other renewal documentation as may be customary except for such changes in the report or the coverage consistent with the terms hereof. In the event that the Grantor shall fail to maintain or cause to be maintained insurance as herein provided, the Collateral Agent may at its sole option provide such insurance and, in such event, the Grantor shall, upon demand, reimburse the Collateral Agent for the cost thereof to the Collateral Agent, without waiver of any other rights the Collateral Agent may have.

(c) Self-insurance. The Grantor may self-insure by way of deductible, premium adjustment or franchise provisions or otherwise in the insurance covering the risks required to be insured against pursuant to Section 3.7(a) in respect of Pledged Spare Parts; provided that such self-insurance shall not exceed $200,000 per occurrence. In addition, the Grantor may self-insure the risks required to be insured against pursuant to this Section 3.7 in an amount equal to any applicable mandatory minimum per occurrence (or, if applicable, annual or other period) deductible imposed by its property or liability insurer, which are commensurate with the standard deductibles in the aircraft insurance industry.

(d) Retention During Defaults or Events of Default. Any amount referred to in this Section 3.7 that is payable to or retainable by the Grantor shall not be paid to or retained by the Grantor if at the time of such payment or retention the Collateral Agent shall have delivered a written notice that an Event of Default, but shall be held by or paid over to the Collateral Agent as security for the Obligations and applied against the Obligations as and when due. Upon the earlier of (i) such time as there shall not be continuing any such Default or Event of Default or (ii) the termination of this Security Agreement in accordance with Section 6.12, such amount shall be paid to the Grantor to the extent not previously applied in accordance with the preceding sentence.

Section 3.8. Filings. The Grantor will take, or cause to be taken, at the Grantor's cost and expense, such action with respect to the recording, filing, re-recording and re-filing of this Security Agreement (i) in the office of the Federal Aviation Administration, pursuant to the Federal Aviation Act and (ii) in such other places as may be required under any applicable law or regulation, each Security Agreement Supplement and any financing statements or other instruments as are necessary or reasonably requested by the Collateral Agent, to maintain, so long as this Security Agreement is in effect, the perfection and preservation of the Lien created by this Security Agreement with respect to Pledged Spare Parts located at Spare Parts Locations, and will furnish to the Collateral Agent timely notice of the necessity of such action, together with, if requested by the Collateral Agent, such instruments, in execution form, and such other information as may be reasonably required to enable the Collateral Agent to take such action or otherwise reasonably requested by the Collateral Agent.

Section 3.9. License. The Grantor shall at all times maintain, and upon the exercise of remedies with respect to Pledged Spare Parts shall make available to the Collateral Agent, the Lenders or their representatives, the ability to access, download, view and manipulate in a usable way all electronically stored Records concerning the Pledged Spare Parts without need of any additional software license or sublicense beyond that which is either maintained by the Grantor and may lawfully be utilized by the Collateral Agent, the Lenders or their representatives or is readily available at no more than incidental cost.

ARTICLE IV.

REMEDIES OF THE ADMINISTRATIVE AGENT UPON AN EVENT OF DEFAULT

Section 4.1. Event of Default; Remedies with Respect to Collateral.

(a) Remedies Available. Upon the occurrence and during the continuance of any Event of Default, the Collateral Agent may do one or more of the following:

(i) cause the Grantor, upon the written demand of the Collateral Agent, at the Grantor's expense, to deliver promptly, and the Grantor shall deliver promptly, all or such part of the Collateral (other than the Account Collateral) as the Collateral Agent may so demand to the Collateral Agent or its order, or the Collateral Agent, at its option, may access and utilize the Tracking Systems (and demand the assistance of the Grantor's personnel necessary to access and utilize the Tracking Systems); provided, however, that the Collateral Agent may be restricted from using the Tracking System to the extent that an applicable consent has not been obtained.

(ii) sell or otherwise liquidate, or direct the Grantor to sell or otherwise liquidate, all or any part of the Collateral at public or private sale, whether or not the Collateral Agent shall at the time have possession thereof, as the Collateral Agent may determine, or lease or otherwise dispose of all or any part of the Collateral as the Collateral Agent, in its sole discretion, may determine, all free and clear of any rights or claims of whatsoever kind of the Grantor; provided, however, that the Grantor shall be entitled at any time prior to any such disposition to redeem the Collateral by paying in full all of the Obligations;

(iii) without notice to the Grantor except as required by law and at any time or from time to time, deliver a Notice of Exclusive Control (as defined in the Account Control Agreement), and charge, set off and otherwise apply all or any part of the Obligations against any funds held with respect to the Account Collateral; or

(iv) exercise any or all of the rights and powers and pursue any and all remedies of a secured party under the UCC and any other applicable law.

Upon every taking of possession of Collateral (other than Account Collateral) under this Section 4.1, the Collateral Agent may, from time to time, at the expense of the Grantor, make all such expenditures for maintenance, insurance, repairs, replacements, alterations, additions and improvements to and of the Collateral, as it may deem proper.

In each such case, the Collateral Agent shall have the right to maintain, store, lease, control or manage the Collateral and to exercise all rights and powers of the Grantor relating to the Collateral in connection therewith, as the Collateral Agent shall deem best, including the right to enter into any and all such agreements with respect to the maintenance, insurance, storage, leasing, control, management or disposition of the Collateral or any part thereof as the Collateral Agent may determine; and the Collateral Agent shall be entitled to collect and receive directly all tolls, rents, revenues, issues, income, products and profits of the Collateral and every part thereof, without prejudice, however, to the right of the Collateral Agent under any provision of this Security Agreement to collect and receive all cash held by, or required to be deposited with, the Collateral Agent hereunder. Such tolls, rents, revenues, issues, income, products and profits shall be applied to pay the expenses of storage, leasing, control, management or disposition of the Collateral, and of all maintenance, repairs, replacements, alterations, additions and improvements, and to make all payments which the Collateral Agent may be required or may elect to make, if any, for taxes, assessments, insurance or other proper charges upon the Collateral or any part thereof (including the employment of engineers and accountants to examine, inspect and make reports upon the properties and books and records of the Grantor), and all other payments which the Collateral Agent may be required or authorized to make under any provision of this Security Agreement, as well as just and reasonable compensation for the services of the Collateral Agent, and of all Persons properly engaged and employed by the Collateral Agent.

In addition, the Grantor shall be liable for all legal fees and other costs and expenses incurred by reason of the occurrence of any Event of Default or the exercise of the Collateral Agent's remedies with respect thereto.

If (x) any Event of Default shall have occurred and be continuing, or (y) the Loans shall have been declared forthwith due and payable pursuant to Section 7.01 of the Credit Agreement, the Collateral Agent may at any time thereafter while any Event of Default shall be continuing, without notice of any kind to the Grantor (except as provided herein) to the extent permitted by law, carry out or enforce any one or more of the actions and remedies provided in this Article IV or elsewhere in this Security Agreement or otherwise available to a secured party under the UCC, whether or not any or all of the Collateral is subject to the jurisdiction of the UCC or such remedies are referred to in this Article IV, in each case subject to Section 7.01 of the Credit Agreement and each applicable Intercreditor Agreement and Other Intercreditor Agreement.

Nothing in the foregoing shall affect the right of each Secured Party to receive all payments of principal of, and interest on, the Obligations held by such Secured Party and all other amounts owing to such Secured Party as and when the same may be due.

(b) Notice of Sale. The Collateral Agent or any other Secured Party may be the purchasers of any or all of the Collateral at any sale of Collateral and shall be entitled, for the purpose of bidding and making settlement or

payment of the purchase price for all or any portion of the Collateral sold at such sale, to use and apply any of the Obligations owed to such Person as a credit on account of the purchase price of any Collateral payable by such Person at such sale. Each purchaser at any such sale shall acquire the property sold absolutely free from any claim or right on the part of the Grantor. The Grantor agrees that, to the extent notice of sale shall be required by law, at least 10 days' notice to the Grantor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. The Collateral Agent shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. The Collateral Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

(c) Receiver. If any Event of Default shall occur and be continuing, to the extent permitted by law, the Collateral Agent shall be entitled, as a matter of right as against the Grantor, without notice or demand and without regard to the adequacy of the security for the Obligations or the solvency of the Grantor, upon the commencement of judicial proceedings by it to enforce any right under this Security Agreement, to the appointment of a receiver of the Collateral and of the tolls, rents, revenues, issues, income, products and profits thereof.

(d) Concerning Sales. At any sale under this Article IV, any Secured Party may bid for and purchase the property offered for sale, may make payment on account thereof as herein provided, and, upon compliance with the terms of sale, may hold, retain and dispose of such property without further accountability therefor. Any purchaser shall be entitled, for the purpose of making payment for the property purchased, to deliver any of the Obligations in lieu of cash in the amount which shall be payable thereon as principal or interest. Said Obligations, in case the amount so payable to the holders thereof shall be less than the amounts due thereon, shall be returned to the holders thereof after being stamped or endorsed to show partial payment.

Section 4.2. Waiver of Appraisement, Etc. To the full extent that it may lawfully so agree, the Grantor agrees that it will not at any time insist upon, plead, claim or take the benefit or advantage of, any appraisement valuation, stay, extension, or redemption law now or hereafter in force, in order to prevent or hinder the enforcement of this Security Agreement or the absolute sale of the Collateral, or any part thereof, or the possession thereof by any purchaser at any sale under this Article IV; but the Grantor, for itself and all who may claim under it, so far as it or they now or hereafter lawfully may, hereby waives the benefit of all such laws. The Grantor, for itself and all who may claim under it, waives, to the extent that it lawfully may, all right to have the property in the Collateral marshalled upon any foreclosure hereof, and agrees that any court having jurisdiction to foreclose on this Security Agreement may order the sale of the Collateral as an entirety.

Section 4.3. Application of Proceeds. Subject to the terms of the Credit Agreement and each applicable Intercreditor Agreement and Other Intercreditor Agreement:

(a) Any cash held by or on behalf of the Collateral Agent and all cash proceeds received by or on behalf of the Collateral Agent in respect of any sale of, collection from, or other realization upon all or any part of the Collateral pursuant to the exercise by the Collateral Agent of its remedies as a secured party pursuant to Section 4.1 of this Security Agreement shall be promptly transferred by the Collateral Agent to the account of the Collateral Agent specified in Section 2.17(a) of the Credit Agreement for application in accordance with the priority of payments set forth in Section 2.17(b) of the Credit Agreement. Any surplus of such cash or cash proceeds held by the Collateral Agent and remaining after payment in full of the Obligations shall be paid over to the Grantor or to whomever may be lawfully entitled to receive such surplus.

(b) All payments received by the Grantor under or in connection with the Collateral to which the Collateral Agent is entitled pursuant to the exercise of its remedies as a secured party under Section 4.1 of this Security Agreement shall be received in trust for the benefit of the Collateral Agent, shall be segregated from other funds of the Grantor and shall, after notice from the Collateral Agent, be forthwith paid over to the Collateral Agent in the same form as so received (with any necessary endorsement).

Section 4.4. Remedies Cumulative. Each and every right, power and remedy hereby specifically given to the Collateral Agent or otherwise in this Security Agreement shall be cumulative and shall be in addition to every other right, power and remedy specifically given under this Security Agreement or the other Loan Documents or now or hereafter existing at law, in equity or by statute and each and every right, power and remedy whether specifically herein given or otherwise existing may be exercised from time to time or simultaneously and as often and in such order as may be deemed expedient by the Collateral Agent. All such rights, powers and remedies shall be cumulative and the exercise or the beginning of the exercise of one shall not be deemed a waiver of the right to exercise any other or others. No delay or omission of the Collateral Agent in the exercise of any such right, power or remedy and no renewal or extension of any of the Obligations shall impair any such right, power or remedy or shall be construed to be a waiver of any Default or Event of Default or an acquiescence therein. In any case, no notice to or demand on the Grantor shall entitle it to any other or further notice or demand in similar or other circumstances or constitute a waiver of any of the rights of the Collateral Agent to any other or further action in any circumstances. In the event that the Collateral Agent shall bring any suit to enforce any of its rights hereunder and shall be

entitled to judgment, then in such suit the Collateral Agent may recover reasonable expenses, including attorneys' fees and expenses, and the amounts thereof shall be included in such judgment.

Section 4.5. Discontinuance of Proceedings. In the event the Collateral Agent shall have instituted any proceeding to enforce any right, power or remedy under this Security Agreement by foreclosure, sale, entry or otherwise, and such proceeding shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Collateral Agent, then and in every such case the Grantor, the Collateral Agent and each holder of any of the Obligations shall be restored to its respective position and rights hereunder with respect to the Collateral subject to the security interest created under this Security Agreement, and all rights, remedies and powers of the Collateral Agent shall continue as if no such proceeding had been instituted.

ARTICLE V.

NON-LENDER SECURED PARTIES.

(a) Rights to Collateral.

(i) The Non-Lender Secured Parties shall not have any right whatsoever to do any of the following: (A) exercise any rights or remedies with respect to the Collateral or to direct the Collateral Agent to do the same, including, without limitation, the right to (1) enforce any Liens or sell or otherwise foreclose on any portion of the Collateral, (2) request any action, institute any proceedings, exercise any voting rights, give any instructions, make any election or make collections with respect to all or any portion of the Collateral or (3) release any Grantor under this Security Agreement or release any Collateral from the Liens of any Collateral Document or consent to or otherwise approve any such release; (B) demand, accept or obtain any Lien on any Collateral (except for Liens arising under, and subject to the terms of, this Security Agreement); (C) vote in any Bankruptcy Case or similar proceeding in respect of Parent or any of its Subsidiaries (any such proceeding, for purposes of this clause (i), a "Bankruptcy") with respect to, or take any other actions concerning the Collateral; (D) receive any proceeds from any sale, transfer or other disposition of any of the Collateral (except in accordance with this Security Agreement); (E) oppose any sale, transfer or other disposition of the Collateral; (F) object to any debtor-in-possession financing in any Bankruptcy which is provided by one or more Lenders among others (including on a priming basis under Section 364(d) of the Bankruptcy Code); (G) object to the use of cash collateral in respect of the Collateral in any Bankruptcy; or (H) seek, or object to the Lenders, the Administrative Agent or the Collateral Agent seeking on an equal and ratable basis, any adequate protection or relief from the automatic stay with respect to the Collateral in any Bankruptcy.

(ii) Each Non-Lender Secured Party, by its acceptance of the benefits of this Security Agreement and the other Collateral Documents, agrees that in exercising rights and remedies with respect to the Collateral, the Collateral Agent and the Lenders, with the consent of the Collateral Agent, may enforce the provisions of the Collateral Documents and exercise remedies thereunder and under any other Loan Documents (or refrain from enforcing rights and exercising remedies), all in such order and in such manner as they may determine in the exercise of their sole business judgment and subject to the terms of any Intercreditor Agreement and any Other Intercreditor Agreement. Such exercise and enforcement shall include, without limitation, the rights to collect, sell, dispose of or otherwise realize upon all or any part of the Collateral, to incur expenses in connection with such collection, sale, disposition or other realization and to exercise all the rights and remedies of a secured lender under the UCC. The Non-Lender Secured Parties by their acceptance of the benefits of this Security Agreement and the other Collateral Documents hereby agree not to contest or otherwise challenge any such collection, sale, disposition or other realization of or upon all or any of the Collateral. Whether or not a Bankruptcy Case has been commenced, the Non-Lender Secured Parties shall be deemed to have consented to any sale or other disposition of any property, business or assets of Parent or any of its Subsidiaries and the release of any or all of the Collateral from the Liens of any Collateral Document in connection therewith.

(iii) Notwithstanding any provision of this Section 12(a), the Non-Lender Secured Parties shall be entitled, subject to any Intercreditor Agreement and any Other Intercreditor Agreement, to file any necessary responsive or defensive pleadings in opposition to any motion, claim, adversary proceeding or other pleadings (A) in order to prevent any Person from seeking to foreclose on the Collateral or supersede the Non-Lender Secured Parties' claim thereto or (B) in opposition to any motion, claim, adversary proceeding or other pleading made by any Person objecting to or otherwise seeking the disallowance of the claims of the Non-Lender Secured Parties. Each Non-Lender Secured Party, by its acceptance of the benefits of this Security Agreement, agrees to be bound by and to comply with any Intercreditor Agreement and any Other Intercreditor Agreement and authorizes the Collateral Agent to enter into the Intercreditor Agreements and Other Intercreditor Agreements on its behalf.

(iv) Each Non-Lender Secured Party, by its acceptance of the benefits of this Security Agreement, agrees that the Collateral Agent and the Lenders may deal with the Collateral, including any exchange, taking or release of Collateral, may change or increase the amount of the Obligations, and may release any Grantor from its Obligations hereunder, all without any liability or obligation (except as may be otherwise expressly provided herein) to the Non-Lender Secured Parties.

(b) Appointment of Agent. Each Non-Lender Secured Party, by its acceptance of the benefits of this Security Agreement and the other Collateral Documents, shall be deemed irrevocably to make, constitute and appoint the Collateral Agent, as agent under the Credit Agreement (and all officers, employees or agents designated by the Collateral Agent) as such Person's true and lawful agent and attorney-in-fact, and in such capacity, the Collateral Agent shall have the right, with power of substitution for the Non-Lender Secured Parties and in each such Person's name or otherwise, to effectuate any sale, transfer or other disposition of the Collateral. It is understood and agreed that the appointment of the Collateral Agent as the agent and attorney-in-fact of the Non-Lender Secured Parties for the purposes set forth herein is coupled with an interest and is irrevocable. It is understood and agreed that the Collateral Agent has appointed the Administrative Agent as its agent for purposes of perfecting certain of the security interests created hereunder and for otherwise carrying out certain of its obligations hereunder.

(c) Waiver of Claims. To the maximum extent permitted by law, each Non-Lender Secured Party waives any claim it might have against the Collateral Agent or the Lenders with respect to, or arising out of, any action or failure to act or any error of judgment, negligence, or mistake or oversight whatsoever on the part of the Collateral Agent or the Lenders or their respective directors, officers, employees or agents with respect to any exercise of rights or remedies under the Loan Documents or any transaction relating to the Collateral (including, without limitation, any such exercise described in Section 5(a)(ii)), except for any such action or failure to act that constitutes willful misconduct or gross negligence of such Person. To the maximum extent permitted by applicable law, none of the Collateral Agent or any Lender or any of their respective directors, officers, employees or agents shall be liable for failure to demand, collect or realize upon any of the Collateral or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any Collateral upon the request of Parent, any Subsidiary of Parent, any Non-Lender Secured Party or any other Person or to take any other action or forbear from doing so whatsoever with regard to the Collateral or any part thereof, except for any such action or failure to act that constitutes willful misconduct or gross negligence of such Person.

ARTICLE VI.

MISCELLANEOUS

Section 6.1. No Legal Title to Collateral in Secured Party. No Secured Party shall have legal title to any part of the Collateral. No transfer, by operation of law or otherwise, of any portion of the Loan or other right, title and interest of a Secured Party in and to the Collateral or this Security Agreement shall operate to terminate this Security Agreement or entitle any successor or transferee of such Secured Party to an accounting or to the transfer to it of legal title to any part of the Collateral.

Section 6.2. Sale of Collateral by Collateral Agent is Binding. Any sale or other conveyance of any item of Collateral or any interest therein by the Collateral Agent made pursuant to the terms of this Security Agreement, the Credit Agreement and each applicable Intercreditor Agreement and Other Intercreditor Agreement, shall bind the Secured Parties and the Grantor, and shall be effective to transfer or convey all right, title and interest of the Collateral Agent, the Grantor, and the Secured Parties in and to any such item of Collateral or any interest therein. No purchaser or other grantee shall be required to inquire as to the authorization, necessity, expediency or regularity of such sale or conveyance or as to the application of any sale or other Proceeds with respect thereto by the Collateral Agent.

Section 6.3. Benefit of Security Agreement. Nothing in this Security Agreement, whether express or implied, shall be construed to give to any Person other than the Grantor, the Collateral Agent and the Secured Parties any legal or equitable right, remedy or claim under or in respect of this Security Agreement.

Section 6.4. Notices. All notices required or permitted to be given under this Security Agreement shall be in conformance with and subject to the terms of Section 10.01 of the Credit Agreement. All such notices shall be delivered to the respective addresses for the Grantor and the Collateral Agent set forth in the Credit Agreement.

Section 6.5. Waiver; Amendment. This Security Agreement may not be amended, modified or waived except with the written consent of the Grantor and the Collateral Agent (acting pursuant to and in accordance with the terms of the Credit Agreement). Any amendment, modification or supplement of or to any provision of this Security Agreement, any termination or waiver of any provision of this Security Agreement and any consent to any departure by the Grantor from the terms of any provision of this Security Agreement shall be effective only in the specific instance and for the specific purpose for which made or given. For the avoidance of doubt, it is understood and agreed that any amendment, amendment and restatement, waiver, supplement or other modification of or to any Intercreditor Agreement or any Other Intercreditor Agreement that would have the effect, directly or indirectly, through any reference herein to any Intercreditor Agreement or any Other Intercreditor Agreement or otherwise, of waiving, amending, supplementing or otherwise modifying this Security

Agreement, or any term or provision hereof, or any right or obligation of any Grantor hereunder or in respect hereof, shall not be given such effect except pursuant to a written instrument executed by such Grantor and the Collateral Agent in accordance with this Section 6.5.

Section 6.6. Obligations Absolute. The obligations of the Grantor hereunder shall remain in full force and effect without regard to, and shall not be impaired by, (a) any exercise or non-exercise, or any waiver of, any right, remedy, power or privilege under or in respect of this Security Agreement or any other Loan Document, except as specifically set forth in a waiver granted in accordance with Section 6.5; or (b) any amendment to or modification of any Loan Document or any security for any of the Obligations, whether or not the Grantor shall have notice or knowledge of any of the foregoing, except as specifically set forth in an amendment or modification executed in accordance with Section 6.5.

Section 6.7. Successors and Assigns. This Security Agreement shall be binding upon the Grantor and its successors and assigns and shall inure to the benefit of the Collateral Agent and each Secured Party and their respective successors and assigns; provided that the Grantor may not transfer or assign any or all of its rights or obligations hereunder without the prior written consent of the Collateral Agent. All agreements, statements, representations and warranties made by the Grantor herein or in any certificate or other instrument delivered by the Grantor or on its behalf under this Security Agreement shall be considered to have been relied upon by the Secured Parties and shall survive the execution and delivery of this Security Agreement and the other Loan Documents regardless of any investigation made by the Secured Parties or on their behalf.

Section 6.8. Headings Descriptive. The headings of the several sections of this Security Agreement are inserted for convenience only and shall not in any way affect the meaning or construction of any provision of this Security Agreement.

Section 6.9. Severability. Any provision of this Security Agreement which is prohibited or unenforceable in any jurisdiction to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 6.10. Governing Law; Submission to Jurisdiction; Service of Process; Waiver of Jury Trial. THIS SECURITY AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS SECURITY AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK. THE PROVISIONS OF SECTIONS 10.05 AND 10.15 OF THE CREDIT AGREEMENT ARE INCORPORATED HEREIN MUTATIS MUTANDIS, AS IF FULLY SET FORTH HEREIN.

Section 6.11. Grantor's Duties. It is expressly agreed, anything herein contained to the contrary notwithstanding, that the Grantor shall remain liable to perform all of the obligations, if any, assumed by it with respect to the Collateral and the Collateral Agent shall not have any obligations or liabilities with respect to any Collateral by reason of or arising out of this Security Agreement, nor shall the Collateral Agent be required or obligated in any manner to perform or fulfill any of the obligations of the Grantor under or with respect to any Collateral.

Section 6.12. Termination; Release.

(a) At such time as the Obligations (other than any contingent indemnification Obligations for which no demand has been made and any Obligations owing to a Non-Lender Secured Party) then due and owing shall have been paid in full, the Commitments under the Credit Agreement have been terminated and no Letters of Credit shall be outstanding (except for Letters of Credit that have been cash collateralized or otherwise provided for in a manner reasonably satisfactory to the Administrative Agent), all Collateral shall be automatically released from the Liens created hereby, and this Security Agreement and all obligations (other than those expressly stated to survive such termination) of the Collateral Agent and each Grantor shall automatically terminate, all without delivery of any instrument or performance of any act by any party, and all rights to the Collateral shall revert to the applicable Grantor. At the request and sole expense of any Grantor following any such termination, the Collateral Agent shall promptly execute, acknowledge and deliver to such Grantor such releases, instruments or other documents (including without limitation UCC termination statements), and do or cause to be done all other acts, as such Grantor shall reasonably request to evidence such termination.

(b) Upon any Permitted Disposition of Collateral (whether by way of the sale of assets or the sale of Capital Stock of a Grantor of Collateral) of the type described in items (1), (2) (provided the requirements set forth in the first proviso to such section are satisfied), (4) and (5) of the definition of "Permitted Disposition" or any other type of Permitted Disposition involving divestiture of any Grantor's title to the related Collateral under the Credit Agreement, the Lien pursuant to this Security Agreement on such sold or disposed of Collateral shall be automatically released. In connection with any other Disposition of Collateral not covered by the preceding sentence (whether by way of the sale of assets or the sale of Capital Stock of a Grantor of such Collateral) permitted under the Credit Agreement, the Collateral Agent shall, upon receipt from such Grantor of a written request for the release of the Collateral subject to such sale or other disposition (or in the case of a sale of Capital Stock of such Grantor, the release of such Grantor's Collateral), at such Grantor's sole cost and expense, promptly execute, acknowledge and deliver to such Grantor such releases, instruments or other documents (including without limitation UCC termination statements), and

do or cause to be done all other acts, as such Grantor shall reasonably request to evidence or effect the release of the Liens created hereby (if any) on such Collateral.

(c) If the Borrower or any other Grantor requests release documentation with respect to any Collateral released as provided in this Section 6.12, including UCC termination statements or other release-related documentation, the Borrower or other Grantor requesting such documentation shall deliver to the Collateral Agent an Officer's Certificate stating that the release of such Grantor's respective Collateral that is to be evidenced by such UCC termination statements or other instruments is permitted pursuant to this Section 6.12 and the relevant provisions of the Credit Agreement (provided that an Officer's Certificate delivered to the Administrative Agent pursuant to Section 6.09(c) of the Credit Agreement shall be deemed to satisfy the requirements of this clause (g)). The Collateral Agent shall have no liability whatsoever to any Secured Party as the result of any release of Collateral by it as permitted by this Section 6.12.

(d) Anything to the contrary contained in this Security Agreement or any Security Agreement Supplement notwithstanding, the Lien of this Security Agreement shall automatically be released without necessity of any further action by any Person with respect to any Pledged Spare Part upon such Pledged Spare Part being incorporated in, installed on, attached or made appurtenant to, or used in any aircraft, engine or propeller.

(e) The Liens on any Account Collateral that is withdrawn from any Account (in each case, in compliance with the Credit Agreement) prior to receipt of a Notice of Exclusive Control (as defined in the applicable Account Control Agreement) by the Securities Intermediary or after receipt of a Rescission Notice (as defined in the Account Control Agreement) by the Securities Intermediary shall be automatically released upon such withdrawal.

Section 6.13. Counterparts. This Security Agreement may be executed in any number of counterparts, each of which counterparts, when so executed and delivered, shall be deemed to be an original, and all of which counterparts, taken together, shall constitute one and the same Security Agreement. A set of the counterparts executed by all the parties hereto shall be lodged with the Grantor and the Collateral Agent. Delivery of an executed counterpart of a signature page of this Security Agreement by facsimile or electronic .pdf copy shall be effective as delivery of a manually executed counterpart of this Security Agreement.

Section 6.14. The Collateral Agent. It is expressly understood and agreed by the parties hereto, and each Secured Party, by accepting the benefits of this Agreement, acknowledges and agrees, that the obligations of the Collateral Agent as holder of the Collateral and interests therein and with respect to the disposition thereof, and otherwise

under this Agreement, are only those expressly set forth in this Agreement. The Collateral Agent shall act hereunder on the terms and conditions set forth in the Credit Agreement.

Section 6.15. Conflicts with Other Loan Documents. Unless otherwise expressly provided in this Security Agreement (including Section 6.14), if any provision contained in this Security Agreement conflicts with any provision of any other Loan Document, the provision contained in this Security Agreement shall govern and control, except to the extent of a conflict with the Credit Agreement, in which case the Credit Agreement shall control; provided that the inclusion of supplemental rights or remedies in favor of the Collateral Agent or the Lenders in any other Loan Document shall not be deemed a conflict with this Security Agreement.

[SIGNATURE PAGES TO FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Security Agreement to be duly executed by their respective officers, as the case may be, there unto duly authorized, as of the day and year first above written.

GRANTOR:

[AMERICAN AIRLINES, INC.]

By: _____
Name:
Title:

[Signature page to Spare Parts Security Agreement]

ACCEPTED AND AGREED
as of the date first above written:

CITIBANK, N.A.,
as Collateral Agent

By: _____
Name:
Title:

[Signature page to Spare Parts Security Agreement]

APPENDIX A

DEFINITIONS RELATING TO THE SPARE PARTS SECURITY AGREEMENT

"Account" shall have the meaning given to such term in the fifth recital of this Security Agreement.

"Account Collateral" shall have the meaning set forth in Section 2.1(c).

"Additional Agent" shall have the meaning specified in the Intercreditor Agreement.

"Additional Collateral Documents" shall have the meaning provided in the Intercreditor Agreement.

"Additional Credit Facility Secured Parties" shall have the meaning provided in the Intercreditor Agreement.

"Additional Obligations" shall have the meaning provided in the Intercreditor Agreement.

"Borrower" has the meaning given such term in the preamble to this Security Agreement.

"Certificated Air Carrier" means a Citizen of the United States holding an air carrier operating certificate issued pursuant to Chapter 447 of Title 49 and a Certificate of Public Convenience and Necessity or a Commuter Air Carrier Authorization issued pursuant to Title 49 (including, without limitation Chapter 441 thereof) or any analogous successor provisions of the United States Code, for aircraft capable of carrying ten or more individuals or 6,000 pounds or more of cargo or that otherwise is certified or registered to the extent required to fall within the purview of Section 1110 of the Bankruptcy Code or any analogous successor provision of the Bankruptcy Code.

"Citizen of the United States" has the meaning given to such term in Section 40102(a)(15) of Title 49, as interpreted by the United States Department of Transportation, or any subsequent legislation that amends, supplements or supersedes such provisions.

"Collateral" has the meaning given to such term in Section 2.1 of this Security Agreement.

"Collateral Agent" has the meaning given such term in the preamble to this Security Agreement.

"Credit Agreement" has the meaning specified in the second recital of this Security Agreement.

"Discharge of Additional Obligations" shall have the meaning provided in the Intercreditor Agreement.

"Event of Loss" means, with respect to any Pledged Spare Part, any of the following events with respect to such property: (i) the loss of such property or of the use thereof due to the destruction of or damage to such property which renders repair uneconomic or which renders such property permanently unfit for normal use by the Grantor for any reason whatsoever; (ii) any damage to such property which results in an insurance settlement with respect to such property on the basis of a total loss or a constructive or compromised total loss; (iii) the theft or disappearance of such property for a period of 10 consecutive days; or (iv) the confiscation, condemnation or seizure of, or requisition of, title to, or use of, such property by any governmental or purported Governmental Authority, which in the case of any event referred to in this clause (iv), shall have resulted in the loss of possession of such property by the Grantor for a period in excess of 75 consecutive days or shall have resulted in the loss of title of such property by the Grantor.

"Excluded Spare Parts" means Pledged Spare Parts (i) that have been transferred to the manufacturer thereof or any service provider for testing, overhaul, repairs, maintenance, servicing, alterations or modification purposes except to the extent such manufacturer or service provided is holding such Pledged Spare Parts at a Spare Parts Location or (ii) maintained at other locations pursuant to the first sentence of Section 3.5(b).

"Expendable Parts" means those Spare Parts that, once used, cannot be re-used, and if not serviceable, cannot be overhauled or repaired.

"Federal Aviation Act" means that portion of Title 49 of the United States Code comprising those provisions formerly referred to as the Federal Aviation Act of 1958, as amended, or any subsequent legislation that amends, supplements or supersedes such provisions.

"Federal Aviation Administration" and "FAA" means the Federal Aviation Administration of the United States of America, and any successor Governmental Authority.

"GAAP" means, subject to the limitations on the application thereof set forth in Section 1.3 of the Credit Agreement, generally accepted accounting principles in the United States, as in effect from time to time as set forth in opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of FASB approved by a significant segment of the accounting profession in the United States.

"Governmental Authority" means any nation or government, any state or other political subdivision thereof and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"Grantor" has the meaning specified in the preamble to this Security Agreement.

"Insurance Brokers" has the meaning specified in Section 3.7(b) of this Security Agreement.

"Intercreditor Agreement" shall have the meaning specified in the Credit Agreement.

"Internal Revenue Code" means the Internal Revenue Code of 1986, as amended to the date hereof and from time to time hereafter.

"Key Repairables" means those Spare Parts that can be economically restored or repaired to a serviceable condition, but have a life that is considerably less than the life of the flight equipment to which they are related.

"Lenders" has the meaning specified in the second recital of this Security Agreement.

"Lien" means any lien, mortgage, pledge, assignment for security, security interest, charge, hypothecation, lease or encumbrance of any kind (including any conditional sale or other title retention agreement, any lease in the nature thereof, any easement, right of way or other encumbrance on title to real property and any agreement to give any security interest).

"Other Intercreditor Agreement" shall have the meaning specified in the Credit Agreement.

"Non-Lender Secured Parties" shall mean, collectively, all Banking Product Providers and Hedging Providers and their respective successors, assigns and transferees. For the avoidance of doubt, "Non-Lender Secured Parties" shall exclude Banking Product Providers and Hedging Providers in their capacities as Lenders, if applicable.

"Permitted Liens" means (a) "Permitted Liens" as defined in the Credit Agreement, (b) the rights of others under agreements or arrangements to the extent expressly permitted by the terms of Sections 3.3 and 3.5 provided such rights are subject and subordinate to the Lien of this Security Agreement and (c) salvage or similar rights of insurers under policies required to be maintained by the Grantor (or Lessee) under Section 3.7 hereof.

"Pledged Expendable Parts" means the Expendable Parts of the Grantor identified on Schedule III hereto, as such schedule may be amended, modified, supplemented or replaced from time to time in accordance with the terms hereof and the Credit Agreement.

"Pledged Key Repairables" means the Key Repairables of the Grantor identified on Schedule IV hereto, as such schedule may be amended, modified, supplemented or replaced from time to time in accordance with the terms hereof and the Credit Agreement.

"Pledged Rotables" means the Rotables of the Grantor identified on Schedule V hereto, as such schedule may be amended, modified, supplemented or replaced from time to time in accordance with the terms hereof and the Credit Agreement.

"Pledged Spare Parts" means the Pledged Expendable Parts, Pledged Key Repairables and Pledged Rotables.

"Proceeds" shall have the meaning assigned to that term under the UCC as in effect in any relevant jurisdiction or under other relevant law and, in any event, shall include, but not be limited to, any and all (i) proceeds of any insurance, indemnity, warranty or guarantee payable to the Collateral Agent or to the Grantor or any Affiliate of the Grantor from time to time with respect to physical damage to any of the Collateral, (ii) payments (in any form whatsoever), made or due and payable to the Grantor from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of all or any part of the Collateral by any Governmental Authority (or any Person acting under color of Governmental Authority) and (iii) instruments representing obligations to pay amounts in respect of the Collateral.

"Records" means all repair, tracking, location, use, maintenance and inventory records, logs, manuals and all other documents and materials similar thereto (including, without limitation, any such records, logs, manuals, documents and materials that are in electronic format or are computer print-outs) at any time maintained, created or used by the Grantor, and all records, logs, documents and outer materials required at any time to be maintained by the Grantor under the Grantor's FAA-approved maintenance program, in each case with respect to any Pledged Spare Part.

"Rotables" means those Spare Parts that can be repeatedly and economically restored to a serviceable condition over a period approximating the life of the flight equipment to which they are related.

"Secured Parties" has the meaning set forth in the Credit Agreement.

"Security Agreement" has the meaning specified in the preamble to this Security Agreement.

"Security Agreement Supplement" means any Spare Parts Security Agreement Supplement substantially in the form of Exhibit A to this Security Agreement, and any other supplement to this Security Agreement, from time to time executed and delivered.

"Senior Priority Obligations" shall have the meaning provided in the Intercreditor Agreement.

"Senior Priority Representative" shall have the meaning provided in the Intercreditor Agreement.

"Spare Parts" has the meaning set forth in the Credit Agreement.

"Spare Parts Locations" means any of the locations designated from time to time by the Grantor at which Spare Parts are maintained by or on behalf of the Grantor, which initially shall be the locations set forth on Schedule I hereto and shall include the additional locations designated by the Grantor in any Security Agreement Supplement.

"System Value" means, with respect to any Spare Part as of any date of determination, the average unit price of such Spare Part as set forth in the Tracking Systems of the Grantor as of such date.

"Tracking System" means one or more computer systems of the Grantor for tracking its Spare Parts, and any and all improvements, upgrades or replacement systems.

"UCC" means the Uniform Commercial Code as in effect on the date hereof in the State of New York.

SCHEDULE I
SPARE PARTS LOCATIONS

[TO BE INSERTED]

SCHEDULE II

LOCATION OF GRANTOR

[AMERICAN AIRLINES, INC.
(Delaware Corporation)
Org ID: 332421]

SCHEDULE III
PLEDGED EXPENDABLE PARTS

[AMERICAN AIRLINES, INC.]

[ ]

SCHEDULE IV
PLEDGED KEY REPAIRABLES

[AMERICAN AIRLINES, INC.]

[ ]

SCHEDULE V
PLEDGED ROTABLES

[AMERICAN AIRLINES, INC.]

[ ]

EXHIBIT A

FORM OF SPARE PARTS SECURITY AGREEMENT SUPPLEMENT

Spare Parts Security Agreement Supplement No. dated as of , 20 ("Security Agreement Supplement") of [ ] (the "Grantor").

WITNESSETH:

WHEREAS, the Grantor and Citibank, N.A., as Collateral Agent (the "Collateral Agent"), are parties to that certain Spare Parts Security Agreement dated as of [ ], 20[ ] (as amended, modified or otherwise supplemented from time to time, the "Security Agreement") pursuant to which the Grantor has granted to the Collateral Agent a security interest in the Spare Parts (as defined therein);

WHEREAS, the Security Agreement has been recorded by the Federal Aviation Administration on [ ], 20[ ] and assigned conveyance number ;

WHEREAS, the Security Agreement provides for the execution and delivery from time to time of Security Agreement Supplements substantially in the form hereof for the purpose of (i) specifically subjecting to the Lien of the Security Agreement certain spare parts or (ii) ;

WHEREAS,[7] the Grantor has, as provided in the Security Agreement, heretofore executed and delivered to the Collateral Agent [ ] Security Agreement Supplement(s) for the purpose of specifically subjecting to the Lien of the Security Agreement certain spare parts therein described, which Security Agreement Supplement(s) is/are dated and has/have been duly recorded with the FAA as set forth below, to wit:

DATE	RECORDATION DATE	FAA DOCUMENT NUMBER

WHEREAS, the Grantor hereby confirms that it is a certificated U.S. air carrier under Sections 41102 and 44705 of Title 49 of the United States Code, and the Spare Parts described in this Security Agreement Supplement are maintained by it or on its behalf at the applicable Spare Parts Locations described herein; and

WHEREAS, capitalized terms used but not defined herein have the meanings assigned to them in the Security Agreement.

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[7] This recital is not to be included in the first Security Agreement Supplement.

NOW, THEREFORE, in order to secure the prompt payment and performance of the Obligations, subject to the terms and conditions of the Security Agreement, and in consideration of the premises and of the covenants contained in the Security Agreement, and of other good and valuable consideration given to the Grantor at or before the delivery hereof, the receipt whereof is hereby acknowledged, the Grantor has mortgaged, assigned, pledged, hypothecated and granted, and does hereby mortgage, assign, pledge, hypothecate and grant to the Collateral Agent, for the benefit and security of the Secured Parties, a continuing first priority security interest in, and mortgage lien on, the property comprising all its right, title and interest in and to the Spare Parts at the Spare Parts Location(s) described on Annex A hereto and the Spare Parts Locations listed on Annex A hereto shall be deemed to amend and supplement Schedule I to the Security Agreement; to have and to hold all and singular the aforesaid property unto the Collateral Agent, its successors and assigns, for the benefit and security of the Secured Parties and for the uses and purposes and subject to the terms and provisions set forth in the Security Agreement.

This Security Agreement Supplement shall be construed as supplemental to the Security Agreement and shall form a part thereof, and the Security Agreement is hereby incorporated by reference herein and is hereby ratified, approved and confirmed and terms not otherwise defined herein shall have the meaning provided in the Security Agreement.

THIS SECURITY AGREEMENT SUPPLEMENT IS BEING DELIVERED IN THE STATE OF NEW YORK AND SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

[*The remainder of this page is intentionally left blank.*]

IN WITNESS WHEREOF, the Grantor has caused this Security Agreement Supplement to be duly executed by one of its duly authorized officers, as of the day and year first above written.

[ ]

By: _____
Name:
Title:

ANNEX A
TO SECURITY AGREEMENT SUPPLEMENT NO.

DESCRIPTION OF SPARE PARTS AND SPARE PARTS LOCATIONS

Description: [described at least generally, by type]

Spare Part Locations:

[

Title:

[FORM OF]

INSTRUMENT OF ASSUMPTION AND JOINDER

THIS INSTRUMENT OF ASSUMPTION AND JOINDER (this "Agreement"), dated as of [ ] [ ], 20[ ] is by and among [ ], a [ ] (the "New Subsidiary Loan Party"), AMERICAN AIRLINES, INC., a Delaware corporation (the "Borrower"), AMERICAN AIRLINES GROUP INC., a Delaware corporation ("Parent"), the Subsidiaries of Parent from time to time party hereto other than the Borrower (the "Guarantors"), CITIBANK, N.A., as administrative agent for the Lenders (together with its permitted successors in such capacity, the "Administrative Agent") and as collateral agent for the Secured Parties (together with its permitted successors in such capacity, the "Collateral Agent") under that certain Amended and Restated Credit and Guaranty Agreement, dated as of December 15, 2016 (as may be amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among the Borrower, Parent, the Guarantors party thereto from time to time, the Administrative Agent, the Collateral Agent, Citibank, N.A., as issuing lender (in such capacity, the "Issuing Lender"), and the Lenders party thereto from time to time. Capitalized terms used herein but not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement.

The New Subsidiary Loan Party hereby agrees as follows:

1. The New Subsidiary Loan Party hereby acknowledges, agrees and confirms that, by its execution of this Agreement, as provided in Sections 5.09(a) or (b) of the Credit Agreement, the New Subsidiary Loan Party will be deemed to be a party to the Credit Agreement and a "Guarantor" for all purposes of the Credit Agreement and the Guaranty, and agrees that it is bound by the terms, conditions and obligations set forth therein as if it had been an original signatory thereto.

2. The New Subsidiary Loan Party acknowledges and confirms that it has received a copy of the Credit Agreement and the schedule and exhibits thereto. The information on Schedule 3.06 to the Credit Agreement is hereby amended to include the information shown on the attached Schedule A.

3. The New Subsidiary Loan Party hereby agrees that at any time and from time to time, upon the written request of the Administrative Agent, it will execute and deliver any further documents and perform any further acts as the Administrative Agent may reasonably request in order to effect the purposes of this Agreement.

4. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER AND ANY CLAIM OR CONTROVERSY RELATING HERETO SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO ITS PRINCIPLES OR RULES OF CONFLICT OF LAWS, TO THE EXTENT SUCH PRINCIPLES OR RULES ARE NOT MANDATORILY APPLICABLE BY STATUTE AND WOULD REQUIRE OR PERMIT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION.

5. This Agreement (a) may be executed in two or more counterparts, each of which shall constitute an original but all of which when taken together shall constitute one contract and (b) may, upon execution, be delivered by facsimile or electronic .pdf copy, which shall be deemed for all purposes to be an original signature.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be duly executed by their respective officers.

AMERICAN AIRLINES, INC.

By: _____
Name:
Title:

AMERICAN AIRLINES GROUP INC.

By: _____
Name:
Title:

[OTHER GUARANTORS]

By: _____
Name:
Title:

[NEW SUBSIDIARY LOAN PARTY]

By: _____
Name:
Title:

ACKNOWLEDGED AND ACCEPTED:

CITIBANK, N.A., as Administrative Agent

By: _____
Name:
Title:

CITIBANK, N.A., as Collateral Agent

By: _____
Name:
Title:

Schedule A

Name of Subsidiary	State or Sovereign Power of Incorporation
[ ]	[ ]

[FORM OF]

ASSIGNMENT AND ACCEPTANCE

This Assignment and Acceptance (this "Assignment and Acceptance") is dated as of the Effective Date set forth below and is entered into by and between [the][each][1] Assignor identified in item 1 below ([the][each, an] "Assignor") and [the][each][2] Assignee identified in item 2 below ([the][each, an] "Assignee"). [It is understood and agreed that the rights and obligations of [the Assignors][and][the Assignees][3] hereunder are several and not joint.][4] Capitalized terms used but not defined herein shall have the meanings assigned to such terms in the credit agreement identified below (the "Credit Agreement"), receipt of a copy of which is hereby acknowledged by [the][each] Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Acceptance as if set forth herein in full.

For an agreed consideration, [the][each] Assignor hereby irrevocably sells and assigns to [the Assignee][the respective Assignees], and [the][each] Assignee hereby irrevocably purchases and assumes from [the Assignor][the respective Assignors], subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below (the "Effective Date") (i) all of [the Assignor's][the respective Assignors'] rights and obligations in [its capacity as a Lender][their respective capacities as Lenders] under the Credit Agreement and the other Loan Documents to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of [the Assignor][the respective Assignors] under the respective facilities identified below and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of [the Assignor (in its capacity as a Lender)][the respective Assignors (in their respective capacities as Lenders)] against any person, whether known or unknown, arising under or in connection with the Credit Agreement, any other Loan Documents or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including, but not limited to, contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned by [the][any] Assignor to [the][any] Assignee pursuant to clauses (i) and (ii) above being referred to herein collectively as [the][an] "Assigned Interest"). Each such sale and assignment is without recourse to [the][any] Assignor and, except as expressly provided in this Assignment and Acceptance, without representation or warranty by [the][any] Assignor.

---

1 For bracketed language here and elsewhere in this form relating to the Assignor(s), if the assignment is from a single Assignor, choose the first bracketed language. If the assignment is from multiple Assignors, choose the second bracketed language.

2 For bracketed language here and elsewhere in this form relating to the Assignee(s), if the assignment is to a single Assignee, choose the first bracketed language. If the assignment is to multiple Assignees, choose the second bracketed language.

3 Select as appropriate.

4 Include bracketed language if there are either multiple Assignors or multiple Assignees.

1. Assignor[s]: _____

_____

[Assignor [is] [is not] a Defaulting Lender]

2. Assignee[s]: _____

_____

3. Borrower: AMERICAN AIRLINES, INC., a Delaware corporation (the "Borrower")

4. Administrative Agent: Citibank, N.A., as administrative agent (together with its permitted successors, in such capacity, the "Administrative Agent") and as collateral agent (together with its permitted successors in such capacity, the "Collateral Agent") under the Credit Agreement

5. Credit Agreement: Amended and Restated Credit and Guaranty Agreement, dated as of December 15, 2016, among the Borrower, American Airlines Group Inc., a Delaware corporation ("Parent"), the Subsidiaries of Parent from time to time party thereto other than the Borrower (the "Guarantors"), the Administrative Agent, the Collateral Agent, Citibank, N.A., as issuing lender (in such capacity, the "Issuing Lender"), and the Lenders party thereto from time to time, as amended, restated, supplemented or otherwise modified and in effect from time to time.

6. Assigned Interest[s]:

Assignor[s][5]	Assignee[s][6]	Amount of Assignor's [Class B Term] [Revolving] Loans/ [Commitments][7]	Amount of [Class B Term] [Revolving] Loans/ [Commitments] Assigned	Percentage of Assignor's [Class B Term] [Revolving] Loans/ [Commitments] Assigned[8]	Resulting [Class B Term] [Revolving] Loans/ [Commitments] Amount for Assignor	Resulting [Class B Term] [Revolving] Loans/ [Commitments] Amount for Assignee
		$	$	%	$	$
		$	$	%	$	$
		$	$	%	$	$

[7. Trade Date:][9]

Effective Date: , 20 [TO BE INSERTED BY ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

5 List each Assignor, as appropriate

6 List each Assignee, as appropriate.

7 Amounts in this column and in the column immediately to the right to be adjusted by the counterparties to take into account any payments or prepayments made between the Trade Date and the Effective Date.

8 Set forth, to at least 9 decimals, as a percentage of the Loans of all Lenders thereunder.

9 To be completed if the Assignor[s] and the Assignee[s] intend that the minimum assignment amount is to be determined as of the Trade Date.

The terms set forth in this Assignment and Acceptance are hereby agreed to:

ASSIGNOR
[NAME OF ASSIGNOR]

By: _____
Name:
Title:

ASSIGNEE
[NAME OF ASSIGNEE]

By: _____
Name:
Title:

[Consented to and][10] Accepted:

CITIBANK, N.A., as
Administrative Agent

By: _____
Name:
Title:

[Consented to:][11]

AMERICAN AIRLINES, INC.

By: _____
Name:
Title:

10 To the extent required under Section 10.02(b)(i) of the Credit Agreement.
11 To the extent required under Section 10.02(b)(i) of the Credit Agreement.

ANNEX 1 TO ASSIGNMENT AND ACCEPTANCE

Reference is made to the Amended and Restated Credit and Guaranty Agreement, dated as of December 15, 2016 (as may be amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among American Airlines, Inc., a Delaware corporation (the "Borrower"), American Airlines Group Inc., a Delaware corporation ("Parent"), the Subsidiaries of Parent from time to time party thereto other than the Borrower (the "Guarantors"), Citibank, N.A., as administrative agent (the "Administrative Agent"), as collateral agent (the "Collateral Agent"), and as issuing lender (the "Issuing Lender"), and the Lenders party thereto from time to time.

STANDARD TERMS AND CONDITIONS FOR
ASSIGNMENT AND ACCEPTANCE

1. Representations and Warranties.

1.1. Assignor. [The][Each] Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of [the][the relevant] Assigned Interest, (ii) [the][such] Assigned Interest is free and clear of any lien, encumbrance or other adverse claim, (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Acceptance and to consummate the transactions contemplated hereby and (iv) it is [not] a Defaulting Lender; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of the Loan Parties or any other person obligated in respect of any Loan Document or (iv) the performance or observance by the Loan Parties or any other person of any of their respective obligations under any Loan Document.

1.2. Assignee. [The][Each] Assignee (a) represents and warrants that (i) it is not a Defaulting Lender, Disqualified Institution or natural person, (ii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Acceptance and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (iii) it meets all the requirements to be an Assignee under the Credit Agreement (subject to such consents, if any, as may be required under Section 10.02(b) of the Credit Agreement), (iv) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement and the other Loan Documents as a Lender thereunder and, to the extent of [the][the relevant] Assigned Interest, shall have the obligations of a Lender thereunder, (v) it is sophisticated with respect to decisions to acquire assets of the type represented by [the][such] Assigned Interest and either it, or the person exercising discretion in making its decision to acquire [the][such] Assigned Interest, is experienced in acquiring assets of such type, (vi) it has received a copy of the Credit Agreement, and has received or has been accorded the opportunity to receive copies of the most recent financial statements delivered pursuant to Section 5.01 thereof, as applicable, and such other documents and information as it deems appropriate to make its own credit analysis and decision to enter into this Assignment and Acceptance and to purchase [the][such] Assigned Interest, (vii) it has, independently and without reliance upon any Agent or any other Lender and based on such documents and information as it has deemed

appropriate, made its own credit analysis and decision to enter into this Assignment and Acceptance and to purchase [the][such] Assigned Interest and (viii) attached hereto is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement (including, without limitation, any such documentation required to be delivered pursuant to Sections 2.16(f) and (g) thereof), duly completed and executed by [the][such] Assignee; and (b) agrees that (i) it will, independently and without reliance upon any Agent, [the][any] Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

2. Payments. From and after the Effective Date, the Administrative Agent shall make all payments in respect of [the][each] Assigned Interest (including payments of principal, interest, fees and other amounts) to [the][the relevant] Assignor for amounts which have accrued up to but excluding the Effective Date and to [the][the relevant] Assignee for amounts which have accrued from and after the Effective Date.

3. General Provisions. This Assignment and Acceptance shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Acceptance may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Acceptance by telecopy shall be effective as delivery of a manually executed counterpart of this Assignment and Acceptance. This Assignment and Acceptance shall be construed in accordance with and governed by the laws of the State of New York, without giving effect to its principles or rules of conflict of laws to the extent such principles or rules are not mandatorily applicable by statute and would require or permit the application of the laws of another jurisdiction.

4. Fees. This Assignment and Acceptance shall be delivered to the Administrative Agent with a processing and recordation fee of $[3,500.00][12].

5. Administrative Questionnaire. If the Assignee is not a Lender, annexed hereto as Exhibit A is a completed administrative questionnaire, in form and substance satisfactory to the Administrative Agent, which requests such information (including, without limitation, credit contact information and wiring instructions) from the Assignee as the Administrative Agent may reasonably require.

12 To be paid by the Assignor or the Assignee.

Exhibit A
Administrative Questionnaire
[provided by Administrative Agent]

[FORM OF]

LOAN REQUEST

Reference is made to the Amended and Restated Credit and Guaranty Agreement, dated as of December 15, 2016 (as may be amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among American Airlines, Inc., a Delaware corporation (the "Borrower"), American Airlines Group Inc., a Delaware corporation ("Parent"), the Subsidiaries of Parent from time to time party thereto other than the Borrower (the "Guarantors"), Citibank, N.A., as administrative agent (the "Administrative Agent"), as collateral agent (the "Collateral Agent"), and as issuing lender (the "Issuing Lender"), and the Lenders party thereto from time to time. Capitalized terms used herein and not otherwise defined herein have the meanings assigned to such terms in the Credit Agreement.

Pursuant to Section 2.03 of the Credit Agreement, the Borrower desires that the Lenders make the following Loans to the Borrower in accordance with the applicable terms and conditions of the Credit Agreement on , 20 (which shall be a Business Day) (the **"**Borrowing Date**"**):

1. Revolving Loans
   - ☐ ABR Loans: $[, ,][1]
   - ☐ Eurodollar Loans, with an initial Interest Period of month(s): **$[, ,][2]**
2. Class B Term Loans
   - ☐ ABR Loans: $[, ,]
   - ☐ Eurodollar Loans, with an initial Interest Period of month(s): $[, ,]

1 In an aggregate amount that is an integral multiple of $100,000 and not less than $1,000,000; provided that an ABR Borrowing may be in an aggregate amount that is equal to the entire Unused Total Revolving Commitment or that is required to finance the reimbursement of an LC Disbursement as contemplated by Section 2.02(e) of the Credit Agreement.

2 In an aggregate amount that is in an integral multiple of $1,000,000 and not less than $1,000,000.

The Borrower hereby certifies that:

(i) [As of the Borrowing Date (both before and after giving effect to the Loan hereunder and the application of proceeds therefrom), the aggregate amount of the Unused Total Revolving Commitment shall not be less than zero.][3]

(ii) As of the Borrowing Date (both before and after giving effect to the Loan hereunder and the application of proceeds therefrom), all representations and warranties contained in the Credit Agreement and the other Loan Documents (other than the representations and warranties set forth in Sections 3.05(b), 3.06, 3.09(a) and 3.19) shall be true and correct in all material respects on and as of such Borrowing Date with the same effect as if made on and as of such Borrowing Date, except to the extent such representations and warranties expressly relate to an earlier date and in such case as of such date; provided that any representation or warranty that is qualified by materiality (it being understood that any representation or warranty that excludes circumstances that would not result in a "Material Adverse Change" or "Material Adverse Effect" shall not be considered (for purposes of this proviso) to be qualified by materiality) shall be true and correct in all respects, as though made on and as of the applicable date, before and after giving effect to such Loan hereunder.

(iii) On the Borrowing Date, no [Default or Event of Default][4] [(A) Default with respect to Section 7.01(b), (e), (f) or (g) or (B) Event of Default][5] shall have occurred and be continuing nor shall any [such][6] Default or any Event of Default, as the case may be, occur by reason of the making of the requested Borrowing and the application of proceeds thereof.

(iv) As of the Borrowing Date, the opinion of the independent public accountants (after giving effect to any reissuance or revision of such opinion) on the most recent audited consolidated financial statements delivered by Parent pursuant to Section 5.01(a) does not include a "going concern" qualification under GAAP as in effect on the date of the Credit Agreement or, if there is a change in the relevant provisions of GAAP thereafter, any like qualification or exception under GAAP after giving effect to such change.

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3 To be inserted in Loan Requests for Revolving Loans only.
4 To be inserted in Loan Requests for Loans to be made on the Closing Date.
5 To be inserted in Loan Requests for Loans to be made after the Closing Date.
6 To be inserted in Loan Requests for Loans to be made after the Closing Date.

(iv) On the Borrowing Date (and after giving pro forma effect to such Loan hereunder and the application of proceeds therefrom), the Collateral Coverage Ratio shall not be less than 1.6 to 1.0.

Date: , 20

AMERICAN AIRLINES, INC.

By: _____
Name:
Title:

[FORM OF]

LETTER OF CREDIT REQUEST

Reference is made to Amended and Restated Credit and Guaranty Agreement, dated as of December 15, 2016 (as may be amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among American Airlines, Inc., a Delaware corporation (the "Borrower"), American Airlines Group Inc., a Delaware corporation ("Parent"), the Subsidiaries of Parent from time to time party thereto other than the Borrower (the "Guarantors"), Citibank, N.A., as administrative agent (the "Administrative Agent"), as collateral agent (the "Collateral Agent") and as issuing lender (the "Issuing Lender"), and the Lenders party thereto from time to time. Capitalized terms used herein and not otherwise defined herein have the meanings assigned to such terms in the Credit Agreement.

Pursuant to Section 2.02 of the Credit Agreement, the Company desires a Letter of Credit to be [issued] [amended] [renewed] [extended] in accordance with the terms and conditions of the Credit Agreement on , 20 (which shall be a Business Day) (the "Borrowing Date") in an aggregate face amount of $[, ,].

Attached hereto for each such Letter of Credit are the following:

1. the stated amount of such Letter of Credit;

2. the name and address of the beneficiary; [and]

3. the expiration date [; and]

4. [Insert such other information as may be relevant to prepare, amend, renew or extend the Letter of Credit].

The Borrower hereby certifies that:

(i) As of the Borrowing Date (both before and after giving effect to the issuance of such Letter of Credit hereunder), (x) the LC Exposure shall not exceed the LC Commitment and (y) the aggregate amount of the Unused Total Revolving Commitment shall not be less than zero.

(ii) As of the Borrowing Date (both before and after giving effect to the issuance of such Letter of Credit hereunder), all representations and warranties contained in the Credit Agreement and the other Loan Documents (other than the representations and warranties set forth in Sections 3.05(b), 3.06, 3.09(a) and 3.19) shall be true and correct in all material respects on and as of such Borrowing Date with the same effect as if made on and as of such Borrowing Date, except to the extent such representations and warranties expressly relate to an earlier date and in such case as of such date; provided that any representation or warranty that is qualified by materiality (it being understood that any representation or warranty that excludes circumstances that would not result in a "Material Adverse Change" or "Material Adverse Effect" shall not be considered (for purposes of this proviso) to be qualified by materiality) shall be true and correct in all respects, as though made on and as of the applicable date, before and after giving effect to the issuance of such Letter of Credit hereunder.

(iii) On the Borrowing Date, no [Default or Event of Default][1] [(A) Default with respect to Section 7.01(b), (e), (f) or (g) or (B) Event of Default][2] shall have occurred and be continuing nor shall any [such][3] Default or any Event of Default, as the case may be, occur by reason of the issuance of such Letter of Credit hereunder.

(iv) On the Borrowing Date (and after giving pro forma effect to the issuance of such Letter of Credit hereunder), the Collateral Coverage Ratio shall not be less than 1.6 to 1.0.

(v) As of the Borrowing Date, the opinion of the independent public accountants (after giving effect to any reissuance or revision of such opinion) on the most recent audited consolidated financial statements delivered by Parent pursuant to Section 5.01(a) does not include a "going concern" qualification under GAAP as in effect on the date of the Credit Agreement or, if there is a change in the relevant provisions of GAAP thereafter, any like qualification or exception under GAAP after giving effect to such change.

Date: , 20

AMERICAN AIRLINES, INC.

By: _____
Name:
Title:

1 To be inserted in Letter of Credit Requests for Letters of Credit to be issued on the Closing Date.
2 To be inserted in Letter of Credit Requests for Letters of Credit to be issued after the Closing Date.
3 To be inserted in Letter of Credit Requests for Letters of Credit to be issued after the Closing Date.

COLLATERAL ACCOUNT CONTROL AGREEMENT

COLLATERAL ACCOUNT CONTROL AGREEMENT, dated as of , 20 (as amended, amended and restated, supplemented or otherwise modified from time to time, this "**Agreement**") among American Airlines, Inc. (the "**Pledgor**"), Citibank, N.A., as collateral agent (in such capacity, and together with its successors and permitted assigns (including, without limitation, any Senior Priority Representative (as defined in the Intercreditor Agreement)), the "**Secured Party**") on behalf of the Secured Parties (as defined in the Credit Agreement defined below) and [●] (the "**Securities Intermediary**"). Except as otherwise defined herein, terms used herein and defined in the Credit Agreement shall be used herein as therein defined.

W I T N E S S E T H:

WHEREAS, (i) the Pledgor has agreed to pledge to the Secured Party the Account Collateral (as defined below) in order to secure the repayment of the Obligations under the Amended and Restated Credit and Guaranty Agreement dated as of December 15, 2016, (the "**Credit Agreement**"), by and among Citibank, N.A., in its capacity as administrative agent (in such capacity, and together with its successors and permitted assigns, the "**Administrative Agent**") and Secured Party, the Pledgor, American Airlines Group Inc. (the "**Parent**"), the Subsidiaries of the Parent from time to time party thereto as Guarantors and the lenders from time to time party thereto;

WHEREAS, the Secured Party and the Pledgor have requested the Securities Intermediary to hold the Account Collateral and to perform certain other functions as more fully described herein;

WHEREAS, the Securities Intermediary has agreed to act on behalf of the Secured Party, the Pledgor and one or more Additional Secured Parties (as defined below), if any, in respect of the Account Collateral (as defined below) delivered to the Securities Intermediary by the Pledgor for the benefit of the Secured Party and any Additional Secured Party, subject to the terms hereof; and

WHEREAS, the Secured Party and one or more additional agents may in the future enter into one or more Intercreditor Agreements and/or Other Intercreditor Agreements;

NOW THEREFORE, in consideration of the mutual promises set forth hereafter, the parties hereto agree as follows:

ARTICLE I
DEFINITIONS

Whenever used in this Agreement, the following words shall have the meanings set forth below:

1. "**Account**" shall mean the custodial account established and maintained pursuant to this Agreement in which Account Collateral shall be deposited by the Pledgor and pledged to the Secured Party.

2. "**Account Collateral**" shall mean each Account and all cash, checks, money orders and other items of value of the Pledgor now or hereafter paid, deposited, credited or held (whether for collection, provisionally or otherwise) in each Account.

3. "**Additional Agent**" shall mean any one or more administrative agents, collateral agents, security agents, trustees or other representatives for or of any one or more Additional Credit Facility Secured Parties (as defined in the Intercreditor Agreement), and shall include any successor thereto, as well as any Person designated as an "Agent" under any Additional Credit Facility (as defined in the Intercreditor Agreement).

4. "**Additional Secured Party**" shall mean either of (i) the Junior Priority Representative (as defined in the Intercreditor Agreement) or (ii) any trustee appointed pursuant to Section 8.01(d) of the Credit Agreement with respect to the Aircraft Security Agreement or Spare Engine Security Agreement or a supplement to either, in each case, upon entry by such party of an Additional Secured Party Joinder.

5. "**Additional Secured Party Joinder**" shall mean the joinder in the form of Exhibit B hereto as may be executed by the parties hereto and any Additional Secured Party.

6. "**Administrative Agent**" shall have the meaning assigned to such term in the first recital.

7. "**Agreement**" shall have the meaning assigned to such term in the preamble.

8. "**Aircraft Security Agreement**" shall have the meaning assigned to such term in the Credit Agreement.

9. "**Authorized Person**" shall be any person duly authorized by the Secured Party or the Pledgor, respectively, to give Written Instructions on behalf of the Secured Party or the Pledgor, respectively, such persons to be designated in a Certificate of Authorized Persons which contains a specimen signature of such person.

10. "**Certificate of Authorized Persons**" shall mean a certificate in the form of Exhibit A attached hereto.

11. "**Credit Agreement**" shall have the meaning assigned to such term in the first recital.

12. "**Depository**" shall mean the Treasury/Reserve Automated Debt Entry System maintained at The Federal Reserve Bank of New York for receiving and delivering securities, The Depository Trust Company and any other clearing corporation within the meaning of Section 8-102 of the UCC or otherwise authorized to act as a securities depository or clearing agency, and their respective successors and nominees.

13. "**General Security Agreement**" shall mean that certain General Security Agreement, dated as of the date of the Credit Agreement, as the same may be amended or otherwise modified from time to time, between the Pledgor and the Secured Party.

14. "**Intercreditor Agreement**" shall have the meaning assigned to such term in the Credit Agreement.

15. "**Losses**" shall have the meaning assigned to such term in Section 1 in Article IV.

16. "**Notice of Exclusive Control**" shall mean a written notice given by the Secured Party to the Securities Intermediary that the Secured Party is exercising sole and exclusive control of the Account Collateral, in the form of Annex A attached hereto.

17. "**Other Intercreditor Agreement**" means an intercreditor agreement in form and substance reasonably satisfactory to the Pledgor and the Administrative Agent.

18. "**Parent**" shall have the meaning assigned to such term in the first recital.

19. "**Permitted Liens**" shall have the meaning assigned to such term in the Credit Agreement.

20. "**Pledgor**" shall have the meaning assigned to such term in the preamble.

21. "**Rescission Notice**" shall mean a written notice given by the Secured Party to the Securities Intermediary that the Secured Party is no longer exercising sole and exclusive control of the Account Collateral.

22. "**Secured Debt Documents**" shall mean the Credit Agreement, the General Security Agreement, any Aircraft Security Agreement, any security agreement (Slots, Gate Leaseholds and Route Authorities), any Intercreditor Agreement and any Other Intercreditor Agreement, as applicable.

23. "**Secured Party**" shall have the meaning assigned to such term in the preamble.

24. "**Secured Party Representative**" shall mean the Secured Party until such time as the Secured Party Representative notifies the Securities Intermediary that the Secured Party Representative shall mean any Additional Secured Party as identified in writing by the Secured Party Representative.

25. "**Securities Intermediary**" shall have the meaning assigned to such term in the preamble.

26. "**Substitute Account Collateral'** shall have the meaning assigned to such term in Section 2 in Article III.

27. "**UCC**" shall mean the Uniform Commercial Code as in effect in the State of New York.

28. "**Written Instructions**" shall mean written communications received by the Securities Intermediary via letter (which shall include electronic transmission in "pdf" or similar format), facsimile transmission or other method or system specified by the Securities Intermediary as available for use in connection with this Agreement.

The terms "**entitlement holder**", "**entitlement order**", "**financial asset**", "**investment property**", "**proceeds**", "**security**", "**security entitlement**" and "**securities intermediary**" shall have the meanings set forth in Articles 8 and 9 of the UCC. The Deposit Account is a "deposit account" as defined in Article 9 of the UCC and the Securities Account is a "securities account" as defined in Article 8 of the UCC. Each party hereto acknowledges that this Agreement is an "authenticated record" (as such term is defined in the UCC) and that the arrangements established hereunder are intended to constitute "control" (as such term is defined in the UCC) of each Account.

ARTICLE II
APPOINTMENT AND STATUS OF SECURITIES INTERMEDIARY; ACCOUNT

1. Appointment; Identification of Account Collateral. The Secured Party Representative and the Pledgor each hereby appoints the Securities Intermediary to perform its duties as hereinafter set forth and authorizes the Securities Intermediary to hold the Account Collateral in the Account in registered form in its name or the name of its nominees. The Securities Intermediary hereby accepts such appointment and agrees to establish and maintain the Account and appropriate records identifying the Account Collateral in the Account as pledged by the Pledgor to the Secured Party and any Additional Secured Party. The Pledgor hereby authorizes the Securities Intermediary to comply with all Written Instructions, including entitlement orders, originated by the Secured Party Representative with respect to the Account Collateral without further consent or direction from the Pledgor or any other party.

2. Status of Securities Intermediary. The parties hereby expressly agree and intend that all property at any time held in the Account is to be treated as a "financial asset." The Securities Intermediary represents and warrants that the Securities Intermediary is a "securities intermediary" with respect to the Account and the "financial assets" credited to the Account.

3. Use of Depositories. The Secured Party Representative and the Pledgor hereby authorize the Securities Intermediary to utilize Depositories to the extent possible in connection with its performance hereunder. Account Collateral held by the Securities Intermediary in a Depository will be held subject to the rules, terms and conditions of such Depository. Where Account Collateral is held in a Depository, the Securities Intermediary shall identify on its records as belonging to the Pledgor and pledged to the Secured Party or any Additional Secured Party a quantity of securities as part of a fungible bulk of securities held in the Securities Intermediary's account at such Depository. Securities deposited in a Depository will be represented in accounts which include only assets held by the Securities Intermediary for its customers.

4. Security Interest. The Securities Intermediary acknowledges that this Agreement constitutes notice of the Secured Party's security interest in such Account Collateral on behalf of the Secured Parties (as defined in the Credit Agreement) and does hereby consent thereto. The

Securities Intermediary further acknowledges that the execution of an Additional Secured Party Joinder shall constitute notice of such Additional Secured Party's interest in the Account Collateral, and upon execution of such Additional Secured Party Joinder the Securities Intermediary hereby consents thereto.

5. Representations and Warranties. The parties hereto acknowledge and agree that: (i) the Account will be treated as a "securities account", and (ii) the Account Collateral will be treated as "financial assets." The Securities Intermediary represents and warrants that the "securities intermediary's jurisdiction" is the State of New York. All terms quoted in this paragraph 5 of Article II shall have the meanings assigned to them by Article 8 of the UCC.

ARTICLE III
COLLATERAL SERVICES

1. Notice of Exclusive Control. Until the Securities Intermediary receives a Notice of Exclusive Control from the Secured Party Representative and after the Securities Intermediary receives a Rescission Notice from the Secured Party Representative, the Securities Intermediary is authorized to act upon any Written Instructions, including entitlement orders, from the Pledgor. The Secured Party Representative may, subject to terms of the Secured Debt Documents, exercise sole and exclusive control of the Account and the Account Collateral held therein at any time by delivering to the Securities Intermediary a Notice of Exclusive Control. Upon receipt of a Notice of Exclusive Control, the Securities Intermediary shall, without inquiry and in reliance upon such Notice of Exclusive Control, within one (1) Business Day after the receipt of a Notice of Exclusive Control, or, if such Notice of Exclusive Control is received after 12:00 noon New York City time on any Business Day, within two (2) Business Days after receipt of such Notice of Exclusive Control, thereafter comply with Written Instructions (including entitlement orders) solely from, and originated by, the Secured Party Representative with respect to the Account without further consent by the Pledgor. The Secured Party Representative may, subject to the terms of this Agreement and the Secured Debt Documents, as applicable, deliver a Rescission Notice to the Securities Intermediary. Upon receipt of a Rescission Notice from the Secured Party Representative, the Securities Intermediary shall, without inquiry and in reliance upon such Notice, thereafter comply with Written Instructions (including entitlement orders) from the Pledgor.

2. Account Collateral Removal; Substitutions. Until the Securities Intermediary receives a Notice of Exclusive Control as provided herein from the Secured Party Representative and after the Securities Intermediary receives a Rescission Notice from the Secured Party Representative, the Securities Intermediary is authorized to act upon any Written Instructions from the Pledgor to transfer Account Collateral from the Account or substitute other Account Collateral for any Account Collateral then held in the Account ("**Substitute Account Collateral**"). It shall be the Pledgor's sole responsibility to ensure that at all times the market value of the Account Collateral in the Account (including Substitute Account Collateral) shall not be less than the amount the Pledgor is required to maintain pursuant to the Secured Debt Documents and related documents.

3. Payment of Proceeds. Until the Securities Intermediary receives a Notice of Exclusive Control and after the Securities Intermediary receives a Rescission Notice from the

Secured Party Representative, the Securities Intermediary shall transfer to the Pledgor (whether by credit to the Pledgor's account at the Securities Intermediary or otherwise) all proceeds received by it with respect to the Account Collateral. The Securities Intermediary shall credit to the Account all proceeds received by it with respect to the Account Collateral, except as otherwise provided herein.

4. Advances by Securities Intermediary. Until the Securities Intermediary receives a Notice of Exclusive Control as provided herein and after the Securities Intermediary receives a Rescission Notice from the Secured Party Representative, the Securities Intermediary is authorized to act upon the Pledgor's Written Instructions to the Securities Intermediary to settle transactions involving the Account. For the avoidance of doubt, the Securities Intermediary shall be under no obligation to make any advance of funds under any provision of this Agreement.

5. Statements. The Securities Intermediary shall furnish the Pledgor, the Secured Party and any Additional Secured Party with monthly Account statements.

6. Notice of Adverse Claims. Upon receipt of written notice of any lien, encumbrance or adverse claim against the Account or any portion of the Account Collateral carried therein, the Securities Intermediary shall use reasonable efforts to notify the Secured Party, the Pledgor and any Additional Secured Party as promptly as practicable under the circumstances.

ARTICLE IV
GENERAL TERMS AND CONDITIONS

1. Standard of Care; Indemnification. (a) Except as otherwise expressly provided herein, the Securities Intermediary shall not be liable for any costs, expenses, damages, liabilities or claims, including attorneys' fees ("**Losses**") incurred by or asserted against the Pledgor, the Secured Party or any Additional Secured Party, except those Losses arising out of the gross negligence or willful misconduct of the Securities Intermediary. The Securities Intermediary shall have no liability whatsoever for the action or inaction of any Depository. In no event shall the Securities Intermediary be responsible or liable for special, indirect, punitive or consequential damages or lost profits or loss of business, arising in connection with this Agreement, even if the Securities Intermediary has been advised of the possibility of such damages and regardless of the form of action.

(b) The Secured Party, the Pledgor and any Additional Secured Party agree, jointly and severally, to indemnify the Securities Intermediary and hold the Securities Intermediary harmless from and against any and all Losses sustained or incurred by or asserted against the Securities Intermediary by reason of or as a result of the appointment of the Securities Intermediary hereunder or any action or inaction, or arising out of the Securities Intermediary's performance hereunder, including reasonable fees and expenses of counsel incurred by the Securities Intermediary in a successful defense of claims by the Pledgor, the Secured Party or any Additional Secured Party; *provided*, that the Pledgor, the Secured Party and any Additional Secured Party shall not indemnify the Securities Intermediary for those Losses arising out of the Securities Intermediary's gross negligence or willful misconduct; *provided further*, that any indemnity payable by the Secured Party or any Additional Secured Party hereunder shall be

payable solely from the amounts held by the Secured Party or any Additional Secured Party and in no case shall Citibank, N.A., in its individual capacity, or any other collateral agent or trustee, in each of its individual capacity, be required to satisfy any indemnity obligation hereunder in its individual capacity or from its own assets. This indemnity shall be a continuing obligation of the Pledgor, the Secured Party and any Additional Secured Party, their respective successors and assigns, notwithstanding the termination of this Agreement.

(c) The Securities Intermediary shall have only those duties as are specifically provided herein, which shall be deemed purely ministerial in nature, and shall under no circumstance be deemed a fiduciary for any of the parties to this Agreement. The Securities Intermediary shall neither be responsible for, nor chargeable with, knowledge of the terms and conditions of any other agreement, instrument or document between the other parties hereto, in connection herewith. No additional obligations of the Securities Intermediary shall be inferred from the terms of this Agreement or any other agreement.

(d) The Securities Intermediary shall have the right to perform any of its duties hereunder through agents, attorneys, custodians or nominees, and shall not be responsible for the misconduct or negligence of such agents, attorneys, custodians and nominees appointed by it with due care.

(e) Any banking association or corporation into which the Securities Intermediary may be merged, converted or with which the Securities Intermediary may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Securities Intermediary shall be a party, or any banking association or corporation to which all or substantially all of the corporate trust business of the Securities Intermediary shall be transferred, shall succeed to all the Securities Intermediary's rights, obligations and immunities hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

2. No Obligation Regarding Quality of Account Collateral. Without limiting the generality of the foregoing, the Securities Intermediary shall be under no obligation to inquire into, and shall not be liable for, any Losses incurred by the Pledgor, the Secured Party, any Additional Secured Party or any other person as a result of the receipt or acceptance of fraudulent, forged or invalid Account Collateral, or Account Collateral which otherwise is not freely transferable or deliverable without encumbrance in any relevant market.

3. No Responsibility Concerning Secured Debt Documents. The Pledgor, the Secured Party and any Additional Secured Party hereby agree that, notwithstanding references to the Secured Debt Documents in this Agreement, the Securities Intermediary, in its capacity as such, has no interest in, and no duty, responsibility or obligation with respect to, the Secured Debt Documents (including without limitation, no duty, responsibility or obligation to monitor the Pledgor's, the Secured Party's or any Additional Secured Party's compliance with the Secured Debt Documents or to know the terms of the Secured Debt Documents).

4. No Duty of Oversight. The Securities Intermediary is not at any time under any duty to monitor the value of any Account Collateral in the Account or whether the Account Collateral is of a type required to be held in the Account, or to supervise the investment of, or to advise or make any recommendation for the purchase, sale, retention or disposition of any Account Collateral.

5. Advice of Counsel. The Securities Intermediary may obtain the advice of counsel and shall be fully protected with respect to anything done or omitted by it in good faith in conformity with such advice.

6. No Collection Obligations. The Securities Intermediary shall be under no obligation to take action to collect any amount payable on Account Collateral in default, or if payment is refused after due demand and presentment.

7. Fees and Expenses. The Pledgor agrees to pay to the Securities Intermediary the reasonable and customary fees as may be agreed upon from time to time. The Pledgor shall reimburse the Securities Intermediary for all reasonable and customary costs associated with transfers of Account Collateral to the Securities Intermediary and records kept in connection with this Agreement. The Pledgor shall also reimburse the Securities Intermediary for out-of-pocket reasonable and customary expenses, including reasonable fees and expenses of counsel, which are a normal incident of the services provided hereunder.

8. Effectiveness of Instructions; Reliance; Risk Acknowledgements; Additional Terms. (a) The Securities Intermediary shall be entitled to rely upon any Written Instructions actually received by the Securities Intermediary from the Pledgor or the Secured Party Representative and reasonably believed by the Securities Intermediary to be duly authorized and delivered.

(b) If the Securities Intermediary receives Written Instructions which appear on their face to have been transmitted via (i) computer facsimile, email, the Internet or other insecure electronic method, or (ii) secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys, the Secured Party Representative and the Pledgor each understands and agrees that the Securities Intermediary cannot determine the identity of the actual sender of such Written Instructions and that the Securities Intermediary shall conclusively presume that such Written Instructions have been sent by an Authorized Person. The Secured Party Representative and the Pledgor shall be responsible for ensuring that only its Authorized Persons transmit such Written Instructions to the Securities Intermediary and that all of its Authorized Persons treat applicable user and authorization codes, passwords and/or authentication keys with extreme care.

(c) The Secured Party Representative and the Pledgor each acknowledges and agrees that it is fully informed of the protections and risks associated with the various methods of transmitting Written Instructions to the Securities Intermediary and that there may be more secure methods of transmitting Written Instructions than the method(s) selected by it. The Secured Party Representative and the Pledgor each agrees that the security procedures (if any) to be followed in connection with its transmission of Written Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances.

(d) If the Secured Party Representative or the Pledgor elects (with the Securities Intermediary's prior consent) to transmit Written Instructions through an on-line

communications service owned or operated by a third party, it agrees that the Securities Intermediary shall not be responsible or liable for the reliability or availability of any such service.

9. Inspection. Upon reasonable request and provided the Securities Intermediary shall suffer no significant disruption of its normal activities, the Secured Party, the Pledgor or any Additional Secured Party shall have access to the Securities Intermediary's books and records relating to the Account during the Securities Intermediary's normal business hours. Upon reasonable request, copies of any such books and records shall be provided to the Secured Party, the Pledgor or any Additional Secured Party at its expense.

10. Account Disclosure. The Securities Intermediary is authorized to supply any information regarding the Account which is required by any law or governmental regulation now or hereafter in effect.

11. Force Majeure. The Securities Intermediary shall not be responsible or liable for any failure or delay in the performance of its obligations under this Agreement arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including without limitation, acts of God; earthquakes; fires; floods; wars; civil or military disturbances; sabotage; epidemics; riots; interruptions, loss or malfunctions of utilities, computer (hardware or software) or communications service; accidents; labor disputes; acts of civil or military authority; governmental actions; inability to obtain labor, material, equipment or transportation.

12. No Implied Duties. The Securities Intermediary shall have no duties or responsibilities whatsoever except such duties and responsibilities as are specifically set forth in this Agreement, and no covenant or obligation shall be implied against the Securities Intermediary in connection with this Agreement.

ARTICLE V
MISCELLANEOUS

1. Termination. This Agreement shall terminate (a) upon the Securities Intermediary's receipt of Written Instructions from the Secured Party Representative expressly stating that the Secured Party Representative no longer claims any security interest in the Account Collateral and the Securities Intermediary's subsequent transfer of the Account Collateral from the Account pursuant to the Pledgor's Written Instructions, (b) upon transfer of the Account Collateral to the Secured Party Representative subsequent to the Securities Intermediary's receipt of a Notice of Exclusive Control that has not been rescinded at the time of such transfer, or (c) upon delivery by the Securities Intermediary or, with the consent of the Pledgor, the Secured Party Representative of not less than five (5) business days' prior written notice of termination to the other parties. Except as otherwise provided herein, all obligations of the parties to each other hereunder shall cease upon termination of this Agreement.

2. Certificates of Authorized Persons. The Secured Party Representative and the Pledgor agree to furnish to the Securities Intermediary a new Certificate of Authorized Persons in the event of any change in the then present Authorized Persons. Until such new Certificate of Authorized Persons is received, the Securities Intermediary shall be fully protected in acting upon the Written Instructions of such present Authorized Persons.

3. Notices. (a) Any notice or other instrument in writing, authorized or required by this Agreement to be given to the Securities Intermediary, shall be sufficiently given if addressed to the Securities Intermediary and received by it at its offices at the following address or at such other place as the Securities Intermediary may from time to time designate in writing:

[●]Telephone: [●]
Facsimile: [●]
Attn: [●]

(b) Any notice or other instrument in writing, authorized or required by this Agreement to be given to the Secured Party shall be sufficiently given if addressed to the Secured Party and received by it at its offices at the following address or at such other place as the Secured Party may from time to time designate in writing:

[●]Attention: [●]
Facsimile: [●]
Email: [●]

(c) Any notice or other instrument in writing, authorized or required by this Agreement to be given to the Pledgor shall be sufficiently given if addressed to the Pledgor and received by it at its offices at the following address, or at such other place as the Pledgor may from time to time designate in writing:

American Airlines, Inc.
4333 Amon Carter Boulevard
Mail Drop 5662
Fort Worth, Texas 76155
Reference: [American Airlines Spare Parts Credit Agreement]
Attention: Treasurer
Telephone: (817) 963-1234
Facsimile: (817) 967-4318

4. Cumulative Rights; No Waiver. Each and every right granted to the Securities Intermediary hereunder or under any other document delivered hereunder or in connection herewith, or allowed it by law or equity, shall be cumulative and may be exercised from time to time. No failure on the part of the Securities Intermediary to exercise, and no delay in exercising, any right will operate as a waiver thereof, nor will any single or partial exercise by the Securities Intermediary of any right preclude any other future exercise thereof or the exercise of any other right.

5. Severability Amendments; Assignment. In case any provision in or obligation under this Agreement shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions shall not in any way be affected thereby. This Agreement may not be amended or modified in any manner except by a written agreement

executed by the parties hereto. This Agreement shall extend to and shall be binding upon the parties hereto, and their respective successors and assigns; *provided*, *however*, that this Agreement shall not be assignable by any party without the written consent of the other parties.

6. Governing Law; Jurisdiction; Waiver of Immunity; Jury Trial Waiver. This Agreement and the Account shall be governed by and construed in accordance with the substantive laws of the State of New York, without regard to conflicts of laws principles thereof. The State of New York shall be deemed to be the location of the Securities Intermediary and, notwithstanding any other agreement to the contrary between the Securities Intermediary and the Pledgor, the State of New York is the jurisdiction of the Securities Intermediary for purposes of Part 3 of Article 9 of the UCC and Part 1 of Article 8 of the UCC. The Secured Party, the Pledgor, any Additional Secured Party and the Securities Intermediary hereby consent to the jurisdiction of a state or federal court situated in New York City, New York in connection with any dispute arising hereunder. To the extent that in any jurisdiction the Secured Party, the Pledgor or any Additional Secured Party may now or hereafter be entitled to claim, for itself or its assets, immunity from suit, execution, attachment (before or after judgment) or other legal process, the Secured Party, the Pledgor and any Additional Secured Party each irrevocably agrees not to claim, and hereby waives, such immunity. The Secured Party, the Pledgor, any Additional Secured Party and the Securities Intermediary each hereby irrevocably waives any and all rights to trial by jury in any legal proceeding arising out of or relating to this Agreement.

7. No Third Party Beneficiaries. In performing hereunder, the Securities Intermediary is acting solely on behalf of the Secured Party, the Pledgor and any Additional Secured Party and no contractual or service relationship shall be deemed to be established hereby between the Securities Intermediary and any other person.

8. Headings. Section headings are included in this Agreement for convenience only and shall have no substantive effect on its interpretation.

9. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but such counterparts shall, together, constitute only one instrument.

10. USA PATRIOT ACT. The parties hereto acknowledge that in order to help the United States government fight the funding of terrorism and money laundering activities, pursuant to Federal regulations that became effective on October 1, 2003 (Section 326 of the USA PATRIOT Act) requires all financial institutions to obtain, verify, record and update information that identifies each person establishing a relationship or opening an account. The parties to this Agreement agree that they will provide to the United States Securities Intermediary such information as it may request, from time to time, in order for the United States Securities Intermediary to satisfy the requirements of the USA PATRIOT Act, including but not limited to the name, address, tax identification number and other information that will allow it to identify the individual or entity who is establishing the relationship or opening the account and may also ask for formation documents such as articles of incorporation or other identifying documents to be provided.

11. Solely Between the Pledgor, the Secured Party and any Additional Secured Party.

(a) Without limiting the provisions of Section 3 of Article IV and other similar provisions set forth herein, the Securities Intermediary, in its capacity as such, has no interest in, and no duty, responsibility or obligation with respect to, the following provisions of this Section 11 (including without limitation, no duty, responsibility or obligation to monitor the Pledgor's, the Secured Party's or any Additional Secured Party's compliance with the Secured Debt Documents or to know the terms of the Secured Debt Documents).

(b) Solely as between the Pledgor and the Secured Party Representative (and without limiting the Security Intermediary's agreements set forth elsewhere herein, including in Section 1 of Article III hereof):

i. The Secured Party Representative may not deliver a Notice of Exclusive Control unless an Event of Default (as defined in the Credit Agreement) has occurred and is continuing.

ii. Following the delivery of a Notice of Exclusive Control, the Secured Party Representative shall deliver a Rescission Notice if, at any time, (A) the event giving rise to such Notice of Exclusive Control is no longer continuing, and (B) at such time, no Event of Default (as defined in the Credit Agreement) has occurred and is continuing.

12. Further Assurances. With respect to the Account Collateral, the Pledgor will take, or cause to be taken, such commercially reasonable actions as are necessary to maintain, so long as the General Security Agreement is in effect, the perfection of the security interests created by the General Security Agreement in the Account Collateral, subject, in each case, to Permitted Liens, or will furnish the Secured Party or any Additional Secured Party timely notice of the necessity of such action, together with such instruments, in execution form, and such other information, as may be required to enable the Secured Party or any Additional Secured Party to take such action.

[REMAINDER OF THIS PAGE IS LEFT BLANK INTENTIONALLY]

IN WITNESS WHEREOF, the Secured Party, the Pledgor and the Securities Intermediary have caused this Agreement to be executed by their respective officers, thereunto duly authorized, as of the day and year first above written.

AMERICAN AIRLINES, INC.

By: _____
Name:
Title:

[CITIBANK, N.A.], not in its individual capacity, but solely as Secured Party

By: _____
Name:
Title:

[ ], as Securities Intermediary

By: _____
Name:
Title:

EXHIBIT A

CERTIFICATE OF AUTHORIZED PERSONS
(Customer - Written Instructions)

The undersigned hereby certifies that he/she is the [duly elected and acting] [ ] of [American Airlines, Inc., a Delaware corporation (the "**Corporation**")] [Citibank, N.A., as collateral agent (the "**Secured Party Representative**")], and further certifies that the officers or employees of the [Corporation] [Secured Party Representative] named on Exhibit A hereto have been duly authorized in conformity with the [Corporation] [Secured Party Representative]'s Certificate of Incorporation, By-Laws or other organizational document to deliver Written Instructions to [ ] (the "**Securities Intermediary**") pursuant to the Collateral Account Control Agreement among the [Corporation] [American Airlines, Inc.], [ ] [Secured Party Representative], and the Securities Intermediary, dated as of , 20 (as amended, amended and restated, supplemented or otherwise modified from time to time, the "**Agreement**"), and that the signatures appearing opposite their names are true and correct.

This certificate supersedes any certificate of authorized individuals you may currently have on file.

Capitalized terms used herein but not defined shall have the meaning assigned to such terms in the Agreement.

[AMERICAN AIRLINES, INC.]

[CITIBANK, N.A., not in its individual capacity, but solely as Secured Party Representative]

Title:
Date:

EXHIBIT A TO THE CERTIFICATE OF AUTHORIZED PERSONS

Name	Title	Signature
Name	Title	Signature
Name	Title	Signature
Name	Title	Signature
Name	Title	Signature
Name	Title	Signature
Name	Title	Signature
Name	Title	Signature
Name	Title	Signature

ANNEX A

[to be placed on Secured Party Representative's letterhead]

COLLATERAL ACCOUNT CONTROL AGREEMENT
NOTICE OF EXCLUSIVE CONTROL

,

[ ]
[●]Phone: [●]Fax: [●]
Attn: [●]

Re: Collateral Account Control Agreement dated as of , 20 (as amended, amended and restated, supplemented or otherwise modified from time to time, the "**Agreement**") by and among American Airlines Inc., Citibank, N.A., as collateral agent, and [ ], in respect of account number [●].

Ladies and Gentlemen:

This constitutes a Notice of Exclusive Control as referred to in Article III of the Agreement, a copy of which is attached hereto. Capitalized terms used herein but not defined shall have the meaning assigned to such terms in the Agreement.

[CITIBANK, N.A.], not in its individual capacity, but solely as Secured Party Representative

By: _____
Signature

_____
Name

_____
Title:

EXHIBIT B

Joinder to the Collateral Account Control Agreement

JOINDER, dated as of [ ], by and among American Airlines, Inc. (the "**Pledgor**"), Citibank, N.A., as collateral agent (in such capacity, and together with its successors and permitted assigns (including, without limitation, any Senior Priority Representative (as defined in the Intercreditor Agreement)), the "**Secured Party**"), [ ] (the "**Securities Intermediary**") and [ ] (the "**Additional Secured Party**"). Except as otherwise defined herein, terms used herein and defined in the Credit Agreement shall be used herein as therein defined.

WHEREAS, the Pledgor, the Securities Intermediary and the Secured Party are a party to that certain Collateral Account Control Agreement, dated as of , 20 (the "**Account Control Agreement**").

NOW, THEREFORE, in consideration of the mutual promises set forth hereafter, the parties hereto agree as follows.

1. The Additional Secured Party shall hereby become a party to the Collateral Account Control Agreement as an Additional Secured Party (as such term is used in the Account Control Agreement), with all the rights and responsibilities as provided therein.

2. Any notice or other instrument in writing, authorized or required by the Account Control Agreement to be given to the Additional Secured Party shall be sufficiently given if addressed to the Additional Secured Party and received by it at its offices at the following address or at such other place as the Additional Secured Party may from time to time designate in writing:

[ ]
[ ]
[ ]
Attention: [ ]
Telephone: [ ]
Facsimile: [ ]
Email: [ ]

[ADDITIONAL SECURED PARTY], not in its individual capacity, but solely as an Additional Secured Party

By: _____
Name:
Title:

Agreed and Accepted as of [ ]

AMERICAN AIRLINES, INC.

By: _____
Name:
Title:

[CITIBANK, N.A.],
not in its individual capacity, but solely as Secured Party

By: _____
Name:
Title:

[ ],
as Securities Intermediary

By: _____
Name:
Title:

AIRCRAFT SECURITY AGREEMENT

Dated as of [●], 20[●]

between

[NAME OF GRANTOR]

and

[NAME OF TRUSTEE],
not in its individual capacity, except as expressly stated herein, but solely
as Trustee

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AIRCRAFT SECURITY AGREEMENT

AIRCRAFT SECURITY AGREEMENT, dated as of [●], 20[●] (as amended, modified or supplemented from time to time, the "Aircraft Security Agreement"), between [NAME OF GRANTOR], a [Delaware corporation][1] (together with its permitted successors and assigns, the "Grantor") and [NAME OF TRUSTEE], as security trustee (together with its successors and permitted assigns, the "Trustee"), for its benefit and the benefit of the other Secured Parties. Except as otherwise defined herein, terms used herein and defined in the Credit Agreement (as defined below) shall be used herein as therein defined.

W I T N E S S E T H:

WHEREAS, [the Grantor] [American Airlines, Inc. ("American")][2] and the Collateral Agent are parties to that certain Amended and Restated Credit and Guaranty Agreement, dated as of December 15, 2016 (as may be amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), by and among [the Grantor] [American][3], American Airlines Group Inc. ("Parent"), as guarantor party thereto, the other guarantors from time to time party thereto, the lenders from time to time party thereto (collectively, the "Lenders"), the Collateral Agent, and the Administrative Agent;

WHEREAS, the Grantor has agreed to grant a continuing Lien on the Aircraft Collateral (as defined below) to the Trustee for the benefit of the Secured Parties to secure the Obligations; and

WHEREAS, the Collateral Agent and one or more Additional Agents may in the future enter into one or more Intercreditor Agreements and/or Other Intercreditor Agreements;

GRANTING CLAUSE

NOW, THEREFORE, to secure all of the Obligations, and in consideration of the premises, the mutual agreements set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Grantor hereby pledges, grants and creates a security interest and mortgage in favor of the Trustee

1 Revise bracketed phrase as necessary for the applicable Grantor.
2 Use second alternative if American is not the Grantor
3 Use second alternative if American is not the Grantor

for the benefit of the Collateral Agent and for the benefit of the other Secured Parties in all estate, right, title and interest of the Grantor in, to and under, all and singular, the following described properties, rights, interests and privileges, whether now owned or hereafter acquired and whether real or personal and whether tangible or intangible (the "Aircraft Collateral"):

(1) each Aircraft, including the Airframe and the Engines relating thereto, whether or not any such Engine may from time to time be installed on the related Airframe, any other Airframe or any other airframe or any other aircraft, and any and all Parts relating thereto, and, to the extent provided herein, all substitutions and replacements of, and additions, improvements, accessions and accumulations to, each such Aircraft, including the Airframe, the Engines and any and all Parts (in each case other than any substitutions, replacements, additions, improvements, accessions and accumulations that constitute items excluded from the definition of Parts by clauses (b), (c) and (d) thereof) relating thereto (each such Airframe and Engines as more particularly described in the applicable Aircraft Security Agreement Supplement executed and delivered with respect to the applicable Aircraft on the applicable Aircraft Closing Date for such Aircraft or with respect to any substitutions or replacements therefor), and together with all flight records, logs, manuals, maintenance data and inspection, modification and overhaul records at any time required to be maintained with respect to such Aircraft in accordance with the rules and regulations of the FAA if such Aircraft is registered under the laws of the United States or the rules and regulations of the government of the country of registry if such Aircraft is registered under the laws of a jurisdiction other than the United States;

(2) the Warranty Rights relating to each Aircraft, together with all rights, powers, privileges, options and other benefits of the Grantor under the same;

(3) all rents, revenues and other proceeds collected by the Trustee pursuant to Section 4.01(a), all moneys and securities from time to time paid or deposited or required to be paid or deposited to or with the Trustee by or for the account of the Grantor pursuant to any term of this Aircraft Security Agreement and held or required to be held by the Trustee hereunder; and

(4) all proceeds of the foregoing;

PROVIDED, HOWEVER, that notwithstanding any of the foregoing provisions, so long as no Event of Default shall have occurred and be continuing, the Grantor shall have the right, to the exclusion of the Trustee, (i) to quiet enjoyment of each Aircraft, Airframe, Part and Engine, and to possess, use, retain and control each Aircraft, Airframe, Part and Engine and all revenues, income and profits derived therefrom and

(ii) with respect to any Warranty Rights relating to any Aircraft, to exercise in the Grantor's name all rights and powers of the Grantor with respect to such Warranty Rights and to retain any recovery or benefit resulting from the enforcement of any warranty or indemnity or other obligation under such Warranty Rights; provided, further, that notwithstanding the occurrence and continuation of an Event of Default, the Trustee shall not enter into any amendment or modification of any aircraft purchase or other agreement relating to the Warranty Rights that would alter the rights, benefits or obligations of the Grantor thereunder;

TO HAVE AND TO HOLD all and singular the aforesaid property unto the Trustee, and its successors and permitted assigns, in trust for its benefit and the benefit of the other Secured Parties, except as otherwise provided in this Aircraft Security Agreement, and for the uses and purposes and in all cases and as to all property specified in paragraphs (1) through (4) inclusive above, subject to the terms and provisions set forth in this Aircraft Security Agreement.

It is expressly agreed that notwithstanding anything herein to the contrary, the Grantor shall remain liable under each aircraft purchase or other agreement in respect of any Warranty Rights to perform all of its obligations thereunder, and, except to the extent expressly provided in this Aircraft Security Agreement, the Trustee shall not be required or obligated in any manner to perform or fulfill any obligations of the Grantor under or pursuant to this Aircraft Security Agreement, or to have any obligation or liability under any aircraft purchase or other agreement in respect of any Warranty Rights by reason of or arising out of the assignment hereunder, or to make any inquiry as to the nature or sufficiency of any payment received by it, or present or file any claim or take any action to collect or enforce the payment of any amount that may have been assigned to it or to which it may be entitled at any time or times.

Notwithstanding anything herein to the contrary (but without in any way releasing the Grantor from any of its duties or obligations under any aircraft purchase or other agreement in respect of Warranty Rights), the Trustee confirms for the benefit of each manufacturer of any Aircraft that in exercising any rights under the Warranty Rights relating to such Aircraft, or in making any claim with respect to any such Aircraft or other goods and services delivered or to be delivered pursuant to the related aircraft purchase or other agreement for such Aircraft, the terms and conditions of such aircraft purchase or other agreement relating to such Warranty Rights, including, without limitation, any warranty disclaimer provisions for the benefit of such manufacturer, shall apply to and be binding upon the Trustee to the same extent as the Grantor. Subject to any Intercreditor Agreement and any Other Intercreditor Agreement, the Grantor hereby directs each manufacturer of any Aircraft, so long as an Event of Default shall have occurred and be continuing, to pay all amounts, if any, payable to the Grantor pursuant to the Warranty Rights relating to such Aircraft directly to the Trustee to be held and applied as provided herein. Nothing contained herein shall subject any manufacturer of

any Aircraft to any liability to which it would not otherwise be subject under any aircraft purchase or other agreement relating thereto or modify in any respect the contract rights of such manufacturer thereunder.

Notwithstanding anything herein to the contrary, it is the understanding of the parties hereto that the Liens granted pursuant to this Aircraft Security Agreement shall, prior to the Discharge of Additional Obligations that are Senior Priority Obligations, be pari passu and equal in priority to the Liens granted to any Additional Agent for the benefit of the holders of the applicable Additional Obligations that are Senior Priority Obligations to secure such Additional Obligations that are Senior Priority Obligations pursuant to the applicable Additional Collateral Documents (except as may be separately otherwise agreed between the Trustee, on behalf of itself and the Secured Parties, and any Additional Agent, on behalf of itself and the Additional Credit Facility Secured Parties represented thereby). The Trustee acknowledges and agrees that the relative priority of the Liens granted to the Trustee, the Collateral Agent, the Administrative Agent and any Additional Agent shall be determined solely (as between the parties to such Intercreditor Agreement or Other Intercreditor Agreement and except as otherwise provided therein) pursuant to the applicable Intercreditor Agreements and Other Intercreditor Agreements, and not by priority as a matter of law or otherwise. Notwithstanding anything herein to the contrary, the Liens granted to the Trustee pursuant to this Aircraft Security Agreement and the exercise of any right or remedy by the Trustee hereunder are subject to the provisions of the applicable Intercreditor Agreements and Other Intercreditor Agreements. In the event of any conflict between the terms of any Intercreditor Agreement or any Other Intercreditor Agreement and this Aircraft Security Agreement, the terms of such Intercreditor Agreement or Other Intercreditor Agreement, as applicable, shall govern and control as among (i) the Trustee, the Collateral Agent and any Additional Agent, in the case of the Intercreditor Agreement, and (ii) the Trustee, the Collateral Agent and any other secured creditor (or agent therefor) party thereto, in the case of any Other Intercreditor Agreement. In the event of any such conflict, the Grantor may act (or omit to act) in accordance with such Intercreditor Agreement or such Other Intercreditor Agreement, as applicable, and shall not be in breach, violation or default of its obligations hereunder by reason of doing so. Notwithstanding any other provision hereof, for so long as any Additional Obligations that are Senior Priority Obligations remain outstanding, any obligation hereunder to deliver, transfer or assign to the Collateral Agent any Collateral shall be satisfied by causing such Collateral to be delivered, transferred or assigned to the applicable Senior Priority Representative to be held in accordance with the Intercreditor Agreement.

Subject to the terms and conditions hereof, the Grantor does hereby irrevocably constitute the Trustee, on behalf of the Collateral Agent and the other Secured Parties, the true and lawful attorney of the Grantor (which appointment is coupled with an interest) with full power (in the name of the Grantor or otherwise) to ask for, require, demand and receive any and all monies and claims for monies (in each case including insurance and

requisition proceeds) due and to become due to the Grantor under or arising out of any aircraft purchase or other agreement (to the extent assigned hereby as part of the Warranty Rights), and all other property which now or hereafter constitutes part of the Aircraft Collateral, to endorse any checks or other instruments or orders in connection therewith and to file any claims or to take any action or to institute any proceedings which the Trustee may deem to be necessary or advisable in the premises; provided that the Trustee shall not exercise any such rights except (i) as permitted by each applicable Intercreditor Agreement and Other Intercreditor Agreement and (ii) during the continuance of an Event of Default.

The Grantor does hereby warrant and represent that it has not sold, assigned or pledged, and hereby covenants and agrees that it will not sell, assign or pledge, so long as this Aircraft Security Agreement shall remain in effect and the Lien hereof shall not have been released pursuant to the provisions hereof, any of its estate, right, title or interest hereby assigned, to any Person other than the Trustee, except as otherwise provided in or permitted by the Credit Agreement, any Intercreditor Agreement and any Other Intercreditor Agreement.

The Grantor agrees that at any time and from time to time, upon the written request of the Trustee, the Grantor shall promptly and duly execute and deliver or cause to be duly executed and delivered any and all such further instruments and documents as the Trustee may reasonably deem necessary to perfect, preserve or protect the mortgage, security interests and assignments created or intended to be created hereby or to obtain for the Trustee the full benefit of the assignment hereunder and of the rights and powers herein granted; provided that any instrument or other document so executed by the Grantor will not expand any obligations or limit any rights of the Grantor in respect of the transactions contemplated by this Aircraft Security Agreement.

IT IS HEREBY COVENANTED AND AGREED by and between the parties hereto as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. For all purposes of this Aircraft Security Agreement, unless the context otherwise requires, capitalized terms used but not defined herein have the respective meanings set forth or incorporated by reference in **Annex A**.

Section 1.02. Other Definitional Provisions.

(a) Singular and Plural. The definitions stated herein and in **Annex A** apply equally to both the singular and the plural forms of the terms defined.

(b) References to Parts. All references in this Aircraft Security Agreement to designated "Articles", "Sections", "Subsections", "Schedules", "Exhibits", "Annexes" and other subdivisions are to the designated Article, Section, Subsection, Schedule, Exhibit, Annex or other subdivision of this Aircraft Security Agreement, unless otherwise specifically stated.

(c) Reference to the Whole. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Aircraft Security Agreement as a whole and not to any particular Article, Section, Subsection, Schedule, Exhibit, Annex or other subdivision.

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

(e) Reference to Government. All references in this Aircraft Security Agreement to a "government" are to such government and any instrumentality or agency thereof.

(f) Reference to Persons. All references in this Aircraft Security Agreement to a Person shall include successors and permitted assigns of such Person.

(g) Rules of Interpretation in Credit Agreement. The parties to this Aircraft Security Agreement agree that the Rules of Interpretation set out in Section 1.02 of the Credit Agreement shall apply to this Aircraft Security Agreement *mutatis mutandis* as if set out in this Aircraft Security Agreement.

ARTICLE II

REPRESENTATIONS AND WARRANTIES, ETC.

Section 2.01. Representations and Warranties of the Grantor. As of the date hereof, with respect to each Aircraft subjected to the Lien of this Aircraft Security Agreement on such date, the Grantor represents and warrants that:

(a) Organization; Authority; Qualification. The Grantor is a [corporation] duly [incorporated] and validly existing in good standing under the laws of [the State of Delaware][4], is a Certificated Air Carrier, is a Citizen of the United States, has the corporate power and authority to own or hold under lease its properties and to enter into and perform its obligations under this Aircraft Security Agreement and the Aircraft Security Agreement Supplement describing such Aircraft and is duly qualified to do business as a foreign corporation in good

[4] Revise bracketed phrases in Section 2.01 as necessary for applicable Grantor.

standing in each other jurisdiction in which the failure to so qualify would have a material adverse effect on the consolidated financial condition of the Grantor and its subsidiaries, considered as a whole, and its jurisdiction of organization (as such term is used in Article 9 of the Uniform Commercial Code as in effect in the state of [Delaware]) is [Delaware].

(b) [Corporate] Action and Authorization; No Violations. The execution, delivery and performance by the Grantor of this Aircraft Security Agreement and the Aircraft Security Agreement Supplement describing such Aircraft have been duly authorized by all necessary [corporate] action on the part of the Grantor, do not require any [stockholder] approval or approval or consent of any trustee or holder of any indebtedness or obligations of the Grantor, except such stockholder approval or approval or consent of any trustee or such holder as have been duly obtained and are in full force and effect, and do not contravene any law, governmental rule, regulation, judgment or order binding on the Grantor or the [certificate of incorporation or by-laws] of the Grantor or contravene or result in a breach of, or constitute a default under, or result in the creation of any Lien (other than as permitted under this Aircraft Security Agreement, the Credit Agreement, any Intercreditor Agreement or Other Intercreditor Agreement) upon the property of the Grantor under, any material indenture, mortgage, contract or other agreement to which the Grantor is a party or by which it or any of its properties may be bound or affected.

(c) Governmental Approvals. Neither the execution and delivery by the Grantor of this Aircraft Security Agreement or the Aircraft Security Agreement Supplement describing such Aircraft, nor the consummation by the Grantor of any of the transactions contemplated hereby or thereby, requires the authorization, consent or approval of, the giving of notice to, the filing or registration with or the taking of any other action in respect of, the Department of Transportation, the FAA or any other federal or state governmental authority or agency, or the International Registry, except for (i) the orders, permits, waivers, exemptions, authorizations and approvals of the regulatory authorities having jurisdiction over the Grantor's ownership or use of such Aircraft required to be obtained on or prior to such date, which orders, permits, waivers, exemptions, authorizations and approvals have been duly obtained and are, or on such date will be, in full force and effect, (ii) the filings referred to in Section 2.01(e), (iii) authorizations, consents, approvals, notices and filings required to be obtained, taken, given or made under securities or Blue Sky or similar laws of the various states and foreign jurisdictions, and (iv) consents, approvals, notices, registrations and other actions required to be obtained, given, made or taken only after such date.

(d) Valid and Binding Agreements. This Aircraft Security Agreement and the Aircraft Security Agreement Supplement describing such Aircraft have been duly executed and delivered by the Grantor and constitute the legal, valid and binding obligations of the Grantor enforceable against the Grantor in accordance with their terms, except as the same may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the rights of creditors generally and by general principles of equity and except as limited by applicable laws that may affect the remedies provided in this Aircraft Security Agreement, which laws, however, do not make the remedies provided in this Aircraft Security Agreement inadequate for the practical realization of the rights and benefits intended to be provided thereby.

(e) Filings and Recordation. Except for (i) the registration of the Aircraft in the name of the Grantor (and renewals of such registration at periodic intervals), (ii) the filing for recordation pursuant to the Transportation Code of this Aircraft Security Agreement (with the Aircraft Security Agreement Supplement describing such Aircraft attached), (iii) with respect to the security interests created by this Aircraft Security Agreement, together with the Aircraft Security Agreement Supplement describing such Aircraft, the filing of financing statements (and continuation statements at periodic intervals) under the Uniform Commercial Code of [the State of Delaware], and (iv) the registration on the International Registry of the International Interests (or Prospective International Interests) created under this Aircraft Security Agreement (as supplemented by any Aircraft Security Supplement describing such Aircraft), no further filing or recording of any document is necessary or advisable under the laws of the United States or any state thereof as of such date in order to establish and perfect the security interest in such Aircraft created under this Aircraft Security Agreement in favor of the Trustee as against the Grantor and any third parties in any applicable jurisdiction in the United States.

(f) Title. The Grantor has good title to such Aircraft, free and clear of Liens other than Permitted Liens. Such Aircraft has been duly certified by the FAA as to type and airworthiness in accordance with the terms of the Aircraft Security Agreement. This Aircraft Security Agreement (with any Aircraft Security Agreement Supplement describing such Aircraft attached) has been duly filed for recordation (or shall be in the process of being so duly filed for recordation) with the FAA pursuant to the Transportation Code. Such Aircraft is duly registered with the FAA in the name of the Grantor.

(g) Security Interest. Subject to any Intercreditor Agreement and any Other Intercreditor Agreement, this Aircraft Security Agreement creates in favor of the Trustee, for its benefit and the benefit of the other Secured Parties, a valid and perfected Lien on such Aircraft, subject to no Lien, except Permitted Liens.

There are no Liens of record with the FAA on such Aircraft on the date hereof other than the Lien of this Aircraft Security Agreement and any Permitted Liens. Other than (x) the International Interests (or Prospective International Interests) created under this Aircraft Security Agreement (as supplemented by the Aircraft Security Agreement Supplement describing such Aircraft), (y) any International Interests (or Prospective International Interests) that appear on the International Registry as having been discharged and (z) any Permitted Liens, no International Interests with respect to such Aircraft have been registered on the International Registry as of the date hereof.

ARTICLE III

CERTAIN PAYMENTS

Section 3.01. Payments After Event of Default.

(a) Any cash held by the Trustee as Aircraft Collateral and all cash proceeds received by the Trustee in respect of any sale of, collection from, or other realization upon all or any part of the Aircraft Collateral pursuant to the exercise by the Trustee of its remedies as a secured creditor as provided in Section 4.01 of this Aircraft Security Agreement shall, subject to any Intercreditor Agreement and any Other Intercreditor Agreement, be applied from time to time by the Trustee in accordance with the terms of the Credit Agreement.

(b) It is understood that, to the extent permitted by applicable law, the Grantor shall remain liable to the extent of any deficiency between the amount of the proceeds of the Aircraft Collateral and the aggregate amount of the outstanding Obligations.

ARTICLE IV

REMEDIES OF TRUSTEE

Section 4.01. Remedies.

(a) General. If an Event of Default shall have occurred and be continuing and so long as the same shall continue unremedied, then and in every such case the Trustee may do one or more of the following to the extent permitted by, and subject to compliance with the requirements of, (i) any Intercreditor Agreement and any Other Intercreditor Agreement and (ii) applicable law then in effect (provided that during any period any Airframe or any Engine is subject to the CRAF Program and is in possession of or being operated under the direction of the United States government or an agency or instrumentality of the United States, the Trustee shall not, on account of any Event of Default, be entitled to exercise or pursue any of the powers, rights or remedies described

in this Section 4.01 in such manner as to limit the Grantor's control under this Aircraft Security Agreement (or any Permitted Lessee's control under any Lease) of such Airframe, any Engines installed thereon or any such Engine, unless at least 60 days' (or such lesser period as may then be applicable under the CRAF Program of the United States government) prior written notice of default hereunder shall have been given by the Trustee by registered or certified mail to the Grantor (and any such Permitted Lessee) with a copy addressed to the Contracting Office Representative or other appropriate person for the Air Mobility Command of the United States Air Force under any contract with the Grantor or such Permitted Lessee relating to the applicable Aircraft):

(i) cause the Grantor, upon the written demand of the Trustee, at the Grantor's expense, to deliver promptly, and the Grantor shall deliver promptly, all or such part of any Airframe or any Engine as the Trustee may so demand to the Trustee or its order, or, if the Grantor shall have failed to so deliver any such Airframe or any such Engine after such demand, the Trustee, at its option, may enter upon the premises where all or any part of any such Airframe or any such Engine are located and take immediate possession of and remove the same together with any engine which is not an Engine but which is installed on such Airframe, subject to all of the rights of the owner, lessor, lienor or secured party of such engine; provided that any such Airframe with an engine (which is not an Engine) installed thereon may be flown or returned only to a location within the continental United States, and such engine shall be held at the expense of the Grantor for the account of any such owner, lessor, lienor, secured party or, if such engine is owned by the Grantor, may at the option of the Grantor with the consent of the Trustee (which will not be unreasonably withheld) or at the option of the Trustee with the consent of the Grantor (which will not be unreasonably withheld), be exchanged with the Grantor for an Engine in accordance with the provisions of Section 6.04(b);

(ii) sell all or any part of any Airframe and any Engine at public or private sale, whether or not the Trustee shall at the time have possession thereof, as the Trustee may determine, or otherwise dispose of, hold, use, operate, lease to others (including the Grantor) or keep idle all or any part of any such Airframe or any such Engine as the Trustee, in its sole discretion, determines, all free and clear of any rights or claims of the Grantor, and, subject to any Intercreditor Agreement and any Other Intercreditor Agreement, the proceeds of such sale or disposition shall be distributed as set forth in the Credit Agreement; or

(iii) exercise any other remedy of a secured party under the Uniform Commercial Code of the State of New York (whether or not in effect in the jurisdiction in which enforcement is sought);

provided that, notwithstanding anything to the contrary set forth herein or in any other Loan Document, (i) as permitted by Article 15 of the Cape Town Convention, the provisions of Chapter III of the Cape Town Convention are hereby excluded and made inapplicable to this Aircraft Security Agreement and the other Loan Documents, except for those provisions of such Chapter III that cannot be derogated from; and (ii) as permitted by Article IV(3) of the Aircraft Protocol, the provisions of Chapter II of the Aircraft Protocol are hereby excluded and made inapplicable to this Aircraft Security Agreement and the other Loan Documents, except for (x) Article XVI of the Aircraft Protocol and (y) those provisions of such Chapter II that cannot be derogated from. In furtherance of the foregoing, the parties hereto agree that the exercise of remedies hereunder and under the other Loan Documents is subject to other applicable law, including without limitation, the Uniform Commercial Code (as in effect in the State of New York) and the Bankruptcy Code, and that nothing herein derogates from the rights of the Grantor or the Trustee under or pursuant to such other applicable law, including without limitation, the Uniform Commercial Code (as in effect in the State of New York) or the Bankruptcy Code.

Upon every such taking of possession of any of the Aircraft Collateral under this Section 4.01, the Trustee may, from time to time, at the expense of the Aircraft Collateral, make all such expenditures for maintenance, insurance, repairs, alterations, additions and improvements to and of the Aircraft Collateral as it deems necessary to cause the Aircraft Collateral to be in such condition as required by the provisions of this Aircraft Security Agreement. In each such case, subject to any Intercreditor Agreement and any Other Intercreditor Agreement, the Trustee may maintain, use, operate, store, insure, lease, control, manage or dispose of the Aircraft Collateral and may exercise all rights and powers of the Grantor relating to the Aircraft Collateral as the Trustee reasonably deems best, including the right to enter into any and all such agreements with respect to the maintenance, use, operation, storage, insurance, leasing, control, management or disposition of the Aircraft Collateral or any part thereof as the Trustee may reasonably determine; and the Trustee shall be entitled to collect and receive directly all tolls, rents, revenues, issues, income, products and profits of the Aircraft Collateral and every part thereof, without prejudice, however, to the rights of the Trustee under any provision of this Aircraft Security Agreement to collect and receive all cash held by, or required to be deposited with, the Trustee hereunder. Subject to any Intercreditor Agreement and any Other Intercreditor Agreement, such tolls, rents, revenues, issues, income, products and profits shall be applied to pay the expenses of the use, operation, storage, insurance, leasing, control, management or disposition of the Aircraft Collateral, and of all maintenance, repairs, replacements, alterations, additions and improvements, and to make all payments that the Trustee is required or elects to make, if any, for Taxes, insurance or other proper charges assessed against or otherwise imposed upon the Aircraft Collateral or any part thereof, and all other payments which the Trustee is required or expressly authorized to make under any provision of this Aircraft Security Agreement, as well as just and reasonable compensation for the services of the Trustee, and shall otherwise be distributed as set forth in the Credit Agreement.

Subject to any Intercreditor Agreement and any Other Intercreditor Agreement, if an Event of Default shall have occurred and be continuing and the Trustee shall be entitled to exercise rights hereunder, at the request of the Trustee, the Grantor shall promptly execute and deliver to the Trustee such instruments of title and other documents as the Trustee reasonably deems necessary or advisable to enable the Trustee or a sub-agent or representative designated by the Trustee, at such time or times and place or places as the Trustee may specify, to obtain possession of all or any part of the Aircraft Collateral to which the Trustee shall at the time be entitled hereunder. If the Grantor shall for any reason fail to execute and deliver such instruments and documents after such request by the Trustee, subject to any Intercreditor Agreement and any Other Intercreditor Agreement, the Trustee may seek a judgment conferring on the Trustee the right to immediate possession and requiring the Grantor to execute and deliver such instruments and documents to the Trustee, to the entry of which judgment the Grantor hereby specifically consents to the fullest extent it may lawfully do so. All actual and reasonable expenses of obtaining such judgment or of pursuing, searching for and taking such property shall, until paid, be secured by the Lien of this Aircraft Security Agreement.

(b) Notice of Sale; Bids; Etc. The Trustee shall give the Grantor at least 30 days' prior written notice of any public sale or of the date on or after which any private sale will be held, which notice the Grantor hereby agrees to the extent permitted by applicable law is reasonable notice. The Trustee or any other Secured Party shall be entitled to bid for and become the purchaser of any Aircraft Collateral offered for sale pursuant to this Section 4.01 and to credit against the purchase price bid at such sale by such Secured Parties all or any part of the Obligations owed to such Person. The Trustee may exercise such right without possession or production of the instruments evidencing Obligations or proof of ownership thereof, and as a representative of the Secured Parties may exercise such right without notice to the Secured Parties as party to any suit or proceeding relating to the foreclosure of any Aircraft Collateral. The Grantor shall also be entitled to bid for and become the purchaser of any Aircraft Collateral offered for sale pursuant to this Section 4.01.

(c) Power of Attorney, Etc. To the extent permitted by applicable law and subject to any Intercreditor Agreement and any Other Intercreditor Agreement, the Grantor irrevocably appoints, while an Event of Default has occurred and is continuing, the Trustee, on behalf of the Collateral Agent and the other Secured Parties, the true and lawful attorney-in-fact of the Grantor (which appointment is coupled with an interest) in its name and stead and on its behalf, for the purpose of effectuating any sale, assignment, transfer or delivery for the enforcement of the Lien of this Aircraft Security Agreement, whether pursuant to foreclosure or power of sale, or otherwise, to execute and deliver all

such bills of sale, assignments and other instruments as may be necessary or appropriate, with full power of substitution, the Grantor hereby ratifying and confirming all that such attorney or any substitute shall do by virtue hereof in accordance with applicable law; provided that if so requested by the Trustee or any purchaser, the Grantor shall ratify and confirm any such sale, assignment, transfer or delivery, by executing and delivering to the Trustee or such purchaser all bills of sale, assignments, releases and other proper instruments to effect such ratification and confirmation as may reasonably be designated in any such request.

Section 4.02. Remedies Cumulative. To the extent permitted under applicable law, each and every right, power and remedy specifically given to the Trustee herein or otherwise in this Aircraft Security Agreement shall be cumulative and shall be in addition to every other right, power and remedy specifically given herein or now or hereafter existing at law, in equity or by statute, and each and every right, power and remedy whether specifically given herein or otherwise existing may be exercised from time to time and as often and in such order as may be deemed expedient by the Trustee, and the exercise or the beginning of the exercise of any power or remedy shall not be construed to be a waiver of the right to exercise at the same time or thereafter any other right, power or remedy. No delay or omission by the Trustee in the exercise of any right, remedy or power or in the pursuance of any remedy shall, to the extent permitted by applicable law, impair any such right, power or remedy or be construed to be a waiver of any default on the part of the Grantor or to be an acquiescence therein.

Section 4.03. Discontinuance of Proceedings. In case the Trustee shall have instituted any proceedings to enforce any right, power or remedy under this Aircraft Security Agreement by foreclosure, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee, then and in every such case the Grantor and the Trustee shall, subject to any determination in such proceedings, be restored to their former positions and rights hereunder with respect to the Aircraft Collateral, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been undertaken (but otherwise without prejudice).

ARTICLE V

THE TRUSTEE

Section 5.01. Trustee May Perform. If the Grantor fails to perform any agreement contained herein within a reasonable time after receipt of a written request to do so from the Trustee, upon two Business Days' prior written notice the Trustee may itself perform, or cause performance of, such agreement, and the reasonable expenses of the Trustee, including, without limitation, the reasonable fees and out-of-pocket expenses of its counsel, incurred in connection therewith, shall be payable by the Grantor in accordance with Section 10.04 of the Credit Agreement and shall constitute Obligations.

Section 5.02. The Trustee. It is expressly understood and agreed by the parties hereto, and each Secured Party, by accepting the benefits of this Aircraft Security Agreement, acknowledges and agrees, that the obligations of the Trustee as holder of the Aircraft Collateral and interests therein and with respect to the disposition thereof, and otherwise under this Aircraft Security Agreement, are only those expressly set forth in this Aircraft Security Agreement and the Credit Agreement.

ARTICLE VI

OPERATING COVENANTS OF THE GRANTOR

The Grantor will comply with the following covenants with respect to each Aircraft or the related Airframe or any related Engine, as applicable:

Section 6.01. Possession, Operation and Use, Maintenance and Registration.

(a) Possession. The Grantor shall not, without the prior written consent of the Trustee, lease or otherwise in any manner deliver, transfer or relinquish possession of such Aircraft, such Airframe or any such Engine or install any such Engine, or permit any such Engine to be installed, on any airframe other than another Airframe; provided that, so long as the Grantor shall comply with the provisions of Section 6.05 with respect to such Aircraft, such Airframe or such Engine, the Grantor may, without the prior written consent of the Trustee:

(i) subject such Airframe to interchange agreements or subject any such Engine to interchange, borrowing or pooling agreements or similar arrangements, in each case customary in the airline industry and entered into by the Grantor in the ordinary course of its business; provided that (A) no such agreement or arrangement contemplates or requires the transfer of title to such Airframe and (B) if the Grantor's title to any such Engine shall be divested under any such agreement or arrangement, such divestiture shall be deemed to be a Disposition with respect to such Engine;

(ii) deliver possession of such Airframe or any such Engine to any Person for testing, service, repair, reconditioning, restoration, storage, maintenance, overhaul work or other similar purposes or for alterations, modifications or additions to such Airframe or any such Engine to the extent required or permitted by the terms hereof;

(iii) transfer or permit the transfer of possession of such Airframe or any such Engine to any Government pursuant to a lease, contract or other instrument;

(iv) subject such Airframe or any such Engine to the CRAF Program or transfer possession of such Airframe or any such Engine to the United States government in accordance with applicable laws, rulings, regulations or orders (including, without limitation, any transfer of possession pursuant to the CRAF Program); provided, that the Grantor (A) shall promptly notify the Trustee upon transferring possession of such Airframe or any such Engine pursuant to this clause (iv) and (B) in the case of a transfer of possession pursuant to the CRAF Program, shall notify the Trustee of the name and address of the responsible Contracting Office Representative for the Air Mobility Command of the United States Air Force or other appropriate Person to whom notices must be given and to whom requests or claims must be made to the extent applicable under the CRAF Program;

(v) install any such Engine on an airframe owned by the Grantor (or any Permitted Lessee) free and clear of all Liens, except (A) Permitted Liens and Liens that apply only to the engines (other than Engines), appliances, parts, instruments, appurtenances, accessories, furnishings and other equipment (other than Parts) installed on such airframe (but not to such airframe as an entirety) and (B) the rights of third parties under interchange, borrowing or pooling agreements or similar arrangements that would be permitted under clause (i) above;

(vi) install any such Engine on an airframe leased, purchased or owned by the Grantor (or any Permitted Lessee) subject to a lease, conditional sale and/or other security agreement; provided that (A) such airframe is free and clear of all Liens except (1) the rights of the parties to the lease or any conditional sale or security agreement covering such airframe, or their successors and assigns, and (2) Liens of the type permitted by clause (v) of this Section 6.01(a) and (B) either (1) the Grantor shall have obtained from the lessor, conditional vendor or secured party of such airframe a written agreement (which may be the lease, conditional sale or other security agreement covering such airframe), in form and substance satisfactory to the Trustee (it being understood that an agreement from such lessor, conditional vendor or secured party substantially in the form of the penultimate paragraph of this Section 6.01(a) shall be deemed to be satisfactory to the Trustee), whereby such lessor, conditional vendor or secured party expressly agrees that neither it nor its successors or assigns will acquire or claim any right, title or interest in any such Engine by reason of such Engine being installed on such airframe at any time while such Engine is subject to the Lien of this Aircraft Security Agreement or (2) such lease, conditional sale or other security agreement provides that any such Engine shall not become subject to the Lien of such lease,

conditional sale or other security agreement at any time while such Engine is subject to the Lien of this Aircraft Security Agreement, notwithstanding the installation thereof on such airframe;

(vii) install any such Engine on an airframe owned by the Grantor (or any Permitted Lessee), leased to the Grantor (or any Permitted Lessee) or purchased by the Grantor (or any Permitted Lessee) subject to a conditional sale or other security agreement under circumstances where neither clause (v) nor clause (vi) of this Section 6.01(a) is applicable; provided that such installation shall be deemed a Disposition with respect to such Engine, if such installation shall adversely affect the Trustee's security interest in any such Engine;

(viii) lease any such Engine or such Airframe and any such Engine to the United States government under which the lessee's obligations are guaranteed or supported by the full faith and credit of the United States;

(ix) lease any such Engine or such Airframe and any such Engine to any United States air carrier as to which there is in force a certificate issued pursuant to the Transportation Code (49 U.S.C. §§41101-41112) or successor provision that gives like authority, or to any manufacturer of airframes or engines (or an Affiliate thereof acting under an unconditional guarantee of such manufacturer), so long as such manufacturer and, if applicable, such Affiliate is domiciled in the United States; provided that no Event of Default shall exist at the time any such lease is entered into; and

(x) lease any such Engine or such Airframe and any such Engine to (A) any foreign air carrier other than those set forth in clause (B), (B) any foreign air carrier that is at the inception of the lease based in and a domiciliary of a country listed in **Exhibit B** hereto, (C) any foreign manufacturer of airframes or engines (or a foreign Affiliate of a United States or foreign manufacturer of airframes or engines acting under an unconditional guarantee of such manufacturer), so long as such foreign manufacturer or (if applicable) foreign Affiliate is domiciled in a country indicated with an asterisk on **Exhibit B** hereto, or (D) any foreign air carrier consented to in writing by the Trustee with the consent of the Collateral Agent; provided that (w) in the case of a lease to, or guarantee by, any entity pursuant to this Section 6.01(a)(ix), (1) other than a foreign carrier principally based in Taiwan, the United States maintains diplomatic relations with the country in which such entity is based and domiciled at the time such lease is entered into, (2) no Event of Default exists at the time such lease is entered into and (3) such entity is not then subject to any bankruptcy, insolvency, liquidation, reorganization, dissolution or similar proceeding and shall not have substantially all of its property in the possession of any liquidator, trustee, receiver or similar person, (x) in the case of a lease to a foreign air carrier

under clause (A) above, the Trustee receives at the time of such lease an opinion of counsel to the Grantor (such counsel to be reasonably satisfactory to the Trustee) to the effect that there exist no possessory rights in favor of the lessee under the laws of such lessee's country which would, upon bankruptcy or insolvency of or other default by the Grantor and assuming at such time such lessee is not insolvent or bankrupt, prevent the taking of possession of any such Engine or such Airframe and any such Engine by the Trustee in accordance with and when permitted by the terms of Section 4.01 upon the exercise by the Trustee of its remedies under Section 4.01, and (y) in the case of a lease to any foreign manufacturer or foreign Affiliate under clause (C) above, the re-registration conditions set forth in Section 6.01(e) shall be satisfied notwithstanding anything to the contrary in such clause (C);

provided that the rights of any lessee or other transferee who receives possession of such Aircraft, such Airframe or any such Engine by reason of a transfer permitted by this Section 6.01(a) (other than the transfer of any such Engine which is deemed an Event of Loss) shall be subject and subordinate to, and any permitted lease shall be made expressly subject and subordinate to, all the terms of this Aircraft Security Agreement, including the Trustee's rights to repossess pursuant to Section 4.01 and to avoid such lease upon such repossession, and the Grantor shall remain primarily liable hereunder for the performance and observance of all of the terms and conditions of this Aircraft Security Agreement to the same extent as if such lease or transfer had not occurred, any such lease shall include appropriate provisions for the maintenance and insurance of such Aircraft, Airframe or Engine, and no lease or transfer or possession otherwise in compliance with this Section shall (x) result in any registration or re-registration of such Aircraft except to the extent permitted in Section 6.01(e) or the maintenance, operation or use thereof that does not comply with Section 6.01(b) and Section 6.01(c) or (y) permit any action not permitted to be taken by the Grantor with respect to such Aircraft hereunder. The Grantor shall promptly notify the Trustee of the existence of any such lease with a term in excess of one year.

Each of the Trustee and the Collateral Agent agrees, and each other Secured Party by acceptance of any instrument evidencing Obligations is deemed to have agreed, for the benefit of the Grantor (and any Permitted Lessee) and for the benefit of the lessor, conditional vendor or secured party of such Airframe or engine leased to the Grantor (or any Permitted Lessee) or leased to or purchased or owned by the Grantor (or any Permitted Lessee) subject to a conditional sale or other security agreement, that the Trustee, the Collateral Agent and the other Secured Parties will not acquire or claim, as against the Grantor (or any Permitted Lessee) or such lessor, conditional vendor or secured party, any right, title or interest in (A) any engine or engines owned by the Grantor (or any Permitted Lessee) or the lessor under such lease or subject to a security interest in favor of the secured party under any conditional sale or other security

agreement as the result of such engine or engines being installed on such Airframe at any time while such engine or engines are subject to such lease or conditional sale or other security agreement or (B) any airframe owned by the Grantor (or any Permitted Lessee) or the lessor under such lease or subject to a security interest in favor of the secured party under any conditional sale or other security agreement as the result of any such Engine being installed on such airframe at any time while such airframe is subject to such lease or conditional sale or other security agreement.

The Trustee acknowledges that any "wet lease" or other similar arrangement under which the Grantor maintains operational control of an Aircraft shall not constitute a delivery, transfer or relinquishment of possession for purposes of this Section 6.01(a).

(b) Operation and Use. The Grantor agrees that such Aircraft will not be maintained, used, serviced, repaired, overhauled or operated in violation of any law, rule or regulation of any government of any country having jurisdiction over such Aircraft or in violation of any airworthiness certificate, license or registration relating to such Aircraft issued by any such government, except (1) immaterial or non-recurring violations with respect to which corrective measures are taken promptly by the Grantor (or a Permitted Lessee) upon discovery thereof and (2) to the extent the Grantor is contesting in good faith the validity or application of any such law, rule or regulation or airworthiness certificate, license or registration in any manner that does not involve any material risk of sale, forfeiture or loss of such Aircraft or impair the Lien of this Aircraft Security Agreement; and provided, that the Grantor shall not be in default under, or required to take any action set forth in, this sentence if it is not possible for it to comply with the laws of a jurisdiction other than the United States (or other than any jurisdiction in which such Aircraft is then registered) because of a conflict with the applicable laws of the United States (or such jurisdiction in which such Aircraft is then registered). The Grantor will not operate such Aircraft, or permit such Aircraft to be operated or located, (i) in any area excluded from coverage by any insurance required by Section 6.05 or (ii) in any war zone or recognized or, in the Grantor's judgment, threatened areas of hostilities unless covered by war risk insurance, to the extent war risk insurance is required pursuant to Section 6.05, unless in the case of either clause (i) or (ii), (x) governmental indemnification in the amount of any insurance that would otherwise be required pursuant to Section 6.05 has been provided or (y) such Aircraft is only temporarily located in such area as a result of an isolated occurrence or isolated series of occurrences attributable to a hijacking, medical emergency, equipment malfunction, weather conditions, navigational error or other similar unforeseen circumstances and the Grantor is using its good faith efforts to remove such Aircraft from such area as promptly as practicable.

(c) Maintenance. The Grantor shall maintain, service, repair and overhaul such Aircraft (or cause the same to be done) (i) so as to keep such Aircraft in as good operating condition as on the applicable Aircraft Closing Date for such Aircraft, ordinary

wear and tear excepted, and in such condition as may be necessary to enable the airworthiness certification of such Aircraft to be maintained in good standing at all times (other than during temporary periods of storage, during maintenance or modification permitted hereunder, or during periods of grounding by applicable governmental authorities) under the Transportation Code, during such periods in which such Aircraft is registered under the laws of the United States, or, if such Aircraft is registered under the laws of any other jurisdiction, the applicable laws of such jurisdiction and (ii) using the same standards as the Grantor or, in the case of a lease permitted pursuant to Section 6.01(a), the applicable Permitted Lessee uses with respect to similar aircraft operated by the Grantor or such Permitted Lessee, as the case may be, in similar circumstances (in any case, without limitation of the Grantor's obligations under the preceding clause (i)). In any case such Aircraft will be maintained in accordance with a maintenance program for such model of Aircraft, approved by the FAA or, if such Aircraft is not registered in the United States, (i) the EASA or the JAA, (ii) the central aviation authority of Australia, Canada, Japan or New Zealand, or (iii) the central aviation authority of any country with aircraft maintenance standards that are substantially similar to those of the United States or any of the foregoing authorities or countries. The Grantor shall maintain or cause to be maintained all records, logs and other documents required to be maintained in respect of such Aircraft by appropriate authorities in the jurisdiction in which such Aircraft is registered.

(d) Identification of Trustee's Interest. The Grantor agrees to affix as promptly as practicable after the applicable Aircraft Closing Date for such Aircraft and thereafter to maintain in the cockpit of such Aircraft, in a clearly visible location, and (if not prevented by applicable law or regulations or by any government) on each such Engine, a nameplate bearing the inscription "MORTGAGED TO [NAME OF TRUSTEE], AS TRUSTEE" (such nameplate to be replaced, if necessary, with a nameplate reflecting the name of any successor Trustee). If any such nameplate is damaged beyond repair or becomes illegible, the Grantor shall promptly replace it with a nameplate complying with the requirements of this Section.

(e) Registration. The Grantor shall cause such Aircraft to remain duly registered, under the laws of the United States, in the name of the Grantor except as otherwise required by the Transportation Code; provided that the Trustee shall, at the Grantor's expense, execute and deliver all such documents as the Grantor may reasonably request for the purpose of continuing such registration. Notwithstanding the preceding sentence, the Grantor, at its own expense, may cause or allow such Aircraft to be duly registered under the laws of any foreign jurisdiction in which a Permitted Lessee could be principally based, in the name of the Grantor or of any nominee of the Grantor, or, if required by applicable law, in the name of any other Person (and, following any such foreign registration, may cause such Aircraft to be re-registered under the laws of the United States); provided, that in the case of jurisdictions other than those approved by the Trustee, (i) if such jurisdiction is at the time of registration listed on **Exhibit B**, the

Trustee shall have received at the time of such registration an opinion of counsel to the Grantor to the effect that (A) this Aircraft Security Agreement and the Trustee's right to repossession hereunder is valid and enforceable under the laws of such country, (B) after giving effect to such change in registration, the Lien of this Aircraft Security Agreement shall continue as a valid Lien and shall be duly perfected in the new jurisdiction of registration and that all filing, recording or other action necessary to perfect and protect the Lien of this Aircraft Security Agreement has been accomplished (or if such opinion cannot be given at such time, (x) the opinion shall detail what filing, recording or other action is necessary and (y) the Trustee shall have received a certificate from a Responsible Officer that all possible preparations to accomplish such filing, recording and other action shall have been done, and such filing, recording and other action shall be accomplished and a supplemental opinion to that effect shall be promptly delivered to the Trustee subsequent to the effective date of such change in registration), (C) the obligations of the Grantor under this Aircraft Security Agreement shall remain valid, binding and (subject to customary bankruptcy and equitable remedies exceptions and to other exceptions customary in foreign opinions generally) enforceable under the laws of such jurisdiction (or the laws of the jurisdiction to which the laws of such jurisdiction would refer as the applicable governing law) and (D) all approvals or consents of any government in such jurisdiction having jurisdiction required for such change in registration shall have been duly obtained and shall be in full force and effect, and (ii) if such jurisdiction is at the time of registration not listed on **Exhibit B**, the Trustee shall have received (in addition to the opinions set forth in clause (i) above) at the time of such registration an opinion of counsel to the Grantor to the effect that (A) the terms of this Aircraft Security Agreement are legal, valid, binding and enforceable in such jurisdiction (subject to exceptions customary in such jurisdiction; provided, that, subject to bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally, and to general principles of equity, any applicable laws limiting the remedies provided in Section 4.01 do not in the opinion of such counsel make the remedies provided in Section 4.01 inadequate for the practical realization of the rights and benefits provided thereby), (B) that it is not necessary for the Trustee to register or qualify to do business in such jurisdiction, (C) that there is no tort liability of the lender of an aircraft not in possession thereof under the laws of such jurisdiction other than tort liability that might have been imposed on such lender under the laws of the United States or any state thereof (it being understood that such opinion shall be waived if insurance reasonably satisfactory to the Trustee is provided, at the Grantor's expense, to cover such risk) and (D) (unless the Grantor shall have agreed to provide insurance covering the risk of requisition of use or title of such Aircraft by the government of such jurisdiction so long as such Aircraft is registered under the laws of such jurisdiction) that the laws of such jurisdiction require fair compensation by the government of such jurisdiction payable in currency freely convertible into Dollars for the loss of use or title of such Aircraft in the event of requisition by such government of such use or title. The Trustee will cooperate with the Grantor in effecting such foreign registration. Notwithstanding the foregoing, prior to any such change in the country of registry of such Aircraft, the following conditions shall be met (or waived as provided in Section 8.15):

(i) no Event of Default shall have occurred and be continuing at the effective date of the change in registration; provided, that it shall not be necessary to comply with this condition if the change in registration results in the registration of such Aircraft under the laws of the United States or if the Trustee consents to such change in registration;

(ii) the Trustee shall have received evidence of compliance with Section 6.05 with respect to such Aircraft (which may be an Officer's Certificate to the effect that the Grantor has determined that the insurance maintained with respect to such Aircraft so complies); and

(iii) the Grantor shall have paid or made provision reasonably satisfactory to the Trustee for the payment of all reasonable expenses (including reasonable attorneys' fees) of the Trustee in connection with such change in registration.

The Grantor shall (i) take such actions as may be required to be taken by the Grantor so that any International Interest arising in relation to this Aircraft Security Agreement, such Aircraft, any Replacement Aircraft therefor, any such Engine or any Replacement Engine therefor may be duly registered (and any such registration may be assigned, amended, extended or discharged) at the International Registry, and (ii) obtain from the International Registry all approvals as may be required duly and timely to perform the Grantor's obligations under this Aircraft Security Agreement with respect to the registration of any such International Interest. The Trustee shall take all actions necessary with respect to the International Registry to consent to the Grantor's initiation of any registrations required under this Aircraft Security Agreement to enable the Grantor to complete such registrations, including, without limitation, registering on the International Registry as a "transacting user entity" (as defined in the Cape Town Treaty), if not already so registered, and appointing Daugherty, Fowler, Peregrin, Haught & Jenson, a Professional Corporation, as its "professional user entity" (as defined in the Cape Town Treaty) to consent to any registrations on the International Registry with respect to such Airframe or any such Engine.

Section 6.02. Inspection. At all reasonable times, but upon at least 15 Business Days' prior written notice to the Grantor, the Trustee or its authorized representative may, subject to the other conditions of this Section 6.02, inspect such Aircraft and may inspect the books and records of the Grantor required to be maintained by the FAA or the government of another jurisdiction in which such Aircraft is then registered relating to the maintenance of such Aircraft; provided that (i) the Trustee or its representative shall be fully insured at no cost to the Grantor in a manner satisfactory to the Grantor with

respect to any risks incurred in connection with any such inspection or shall provide to the Grantor a written release satisfactory to the Grantor with respect to such risks, (ii) any such inspection shall be subject to the safety, security and workplace rules applicable at the location where such inspection is conducted and any applicable governmental rules or regulations, (iii) any such inspection of such Aircraft shall be a visual, walk-around inspection of the interior and exterior of such Aircraft and shall not include opening any panels, bays or the like without the Grantor's express consent, which consent the Grantor may in its sole discretion withhold, and (iv) no exercise of such inspection right shall interfere with the use, operation or maintenance of such Aircraft by, or the business of, the Grantor and the Grantor shall not be required to undertake or incur any additional liabilities in connection therewith. All information obtained in connection with any such inspection of such Aircraft and of such books and records shall be held confidential by the Trustee and each agent or representative thereof and shall not be furnished or disclosed by any of them to anyone other than their respective bank examiners, auditors, accountants, agents and legal counsel, and except as may be required by an order of any court or administrative agency or by any statute, rule, regulation or order of any governmental authority. Any inspection pursuant to this Section 6.02 shall be at the sole risk (including, without limitation, any risk of personal injury or death) and expense of the Trustee (or its representative), as the case may be, making such inspection. Except during the continuance of an Event of Default, all inspections by the Trustee and its representatives provided for under this Section 6.02 shall be limited to one inspection of any kind contemplated by this Section 6.02 for all such Aircraft during any calendar year.

Section 6.03. Replacement and Pooling of Parts; Alterations, Modifications and Additions; Substitution of Engines.

(a) Replacement of Parts. So long as an Aircraft or Engine is subject to the Lien of this Aircraft Security Agreement, the Grantor, at its own expense, shall promptly replace all Parts that may from time to time be incorporated or installed in or attached to such Airframe or any such Engine and that may from time to time become worn out, lost, stolen, destroyed, seized, confiscated, damaged beyond repair or rendered permanently unfit for use for any reason whatsoever, except as otherwise provided in Section 6.03(c) or if such Airframe or any such Engine to which a Part relates has suffered an Event of Loss. In addition, the Grantor, at its own expense, may remove in the ordinary course of maintenance, service, repair, overhaul or testing, any Parts, whether or not worn out, lost, stolen, destroyed, seized, confiscated, damaged beyond repair or rendered permanently unfit for use; provided that the Grantor, except as otherwise provided in Section 6.03(c), at its own expense, will replace such Parts as promptly as practicable. All replacement Parts shall be free and clear of all Liens (except for Permitted Liens and except in the case of replacement property temporarily installed on an emergency basis) and shall have a value and utility at least equal to the Parts replaced, assuming such replaced Parts were in the condition and repair required to be maintained by the terms hereof. Except as otherwise provided in Section 6.03(c), all Parts at any time removed from such Airframe

or any such Engine shall remain subject to the Lien of this Aircraft Security Agreement no matter where located until such time as such Parts shall be replaced by parts that have been incorporated or installed in or attached to such Airframe or such Engine and that meet the requirements for replacement Parts specified above. Immediately upon any replacement Part becoming incorporated or installed in or attached to such Airframe or any such Engine as above provided (except in the case of replacement property temporarily installed on an emergency basis), without further act, (i) the replaced Part shall thereupon be free and clear of the Lien of this Aircraft Security Agreement and of all rights and interests of the Trustee (and the other beneficiaries hereof) and shall no longer be deemed a Part hereunder and (ii) such replacement Part shall become subject to the Lien of this Aircraft Security Agreement and be deemed a Part of such Airframe or such Engine for all purposes to the same extent as the Parts originally incorporated or installed in or attached to such Airframe or such Engine. Upon request of the Grantor from time to time, the Trustee shall execute and deliver to the Grantor an appropriate instrument confirming the release of any such replaced Part from the Lien of this Aircraft Security Agreement.

(b) Pooling of Parts. Any Part removed from such Airframe or any such Engine as provided in Section 6.03(a) may be subjected by the Grantor or a Person permitted to be in possession of such Aircraft to a pooling arrangement customary in the airline industry entered into in the ordinary course of the Grantor's or such Person's business; provided that the part replacing such removed Part shall be incorporated or installed in or attached to such Airframe or such Engine in accordance with Section 6.03(a) as promptly as practicable after the removal of such removed Part. In addition, any replacement Part when incorporated or installed in or attached to such Airframe or any such Engine may be owned by any third party subject to such a pooling arrangement; provided that the Grantor, at its expense, as promptly thereafter as practicable, either (i) causes title to such replacement Part to vest in the Grantor free and clear of all Liens (except Permitted Liens), or (ii) replaces such replacement Part by incorporating or installing in or attaching to such Airframe or such Engine a further replacement Part in the manner contemplated by Section 6.03(a).

(c) Alterations, Modifications and Additions. The Grantor will make (or cause to be made) such alterations and modifications in and additions to such Airframe and each such Engine as may be required from time to time to meet the applicable requirements of the FAA or any applicable government of any other jurisdiction in which such Aircraft may then be registered; provided that the Grantor may, in good faith, contest the validity or application of any such requirement in any manner that does not involve any material risk of sale, loss or forfeiture of such Aircraft and does not adversely affect the Trustee's interest in the Aircraft Collateral. In addition, the Grantor (or any Permitted Lessee), at its own expense, may from time to time add further parts or accessories and make or cause to be made such alterations and modifications in and additions to such Airframe or any such Engine as the Grantor may deem desirable in the

proper conduct of its business, including, without limitation, removal (without replacement) of Parts, provided that no such alteration, modification or addition shall materially diminish the value or utility of such Airframe or such Engine below its value or utility, immediately prior to such alteration, modification or addition, assuming that such Airframe or such Engine was then in the condition required to be maintained by the terms of this Aircraft Security Agreement, except that the value (but not the utility) of such Airframe or such Engine may be reduced by the value of any such Parts that shall have been removed that the Grantor deems obsolete or no longer suitable or appropriate for use on such Airframe or such Engine. All Parts incorporated or installed in or attached or added to such Airframe or any such Engine as the result of such alteration, modification or addition shall be free and clear of any Liens, other than Permitted Liens, and shall, without further act, be subject to the Lien of this Aircraft Security Agreement. Notwithstanding the foregoing, the Grantor (or any Permitted Lessee) may, at any time, remove any Part from such Airframe or any such Engine if such Part: (i) is in addition to, and not in replacement of or substitution for, any Part originally incorporated or installed in or attached to such Airframe or such Engine at the time of delivery thereof to the Grantor or any Part in replacement of, or substitution for, any such Part, (ii) is not required to be incorporated or installed in or attached or added to such Airframe or such Engine pursuant to the first sentence of this Section 6.03(c) or Section 6.01(d) and (iii) can be removed from such Airframe or such Engine without materially diminishing the value or utility required to be maintained by the terms of this Aircraft Security Agreement that such Airframe or such Engine would have had had such Part never been installed on such Airframe or such Engine. Upon the removal by the Grantor of any Part as permitted by this Section 6.03(c), such removed Part shall, without further act, be free and clear of the Lien of this Aircraft Security Agreement and of all rights and interests of the Trustee (and the other beneficiaries hereof) and shall no longer be deemed a Part hereunder. Upon request of the Grantor from time to time, the Trustee shall execute and deliver to the Grantor an appropriate instrument confirming the release of any such removed Part from the Lien of this Aircraft Security Agreement.

(d) Substitution of Engines. The Grantor shall have the right at its option at any time, on at least 30 days' prior written notice to the Trustee, to substitute a Replacement Engine for any such Engine. In such event, and prior to the date of such substitution, the Grantor shall replace such Engine hereunder by complying with the terms of Section 6.04(b) to the same extent as if an Event of Loss had occurred with respect to such Engine.

Section 6.04. Loss, Destruction or Requisition.

(a) Event of Loss with Respect to Such Airframe. Upon the occurrence of an Event of Loss with respect to such Airframe or such Airframe and any such Engine then installed thereon, the Grantor shall as promptly as practicable (and, in any event, within 15 days after such occurrence) give the Trustee written notice of such Event of Loss, and,

within 90 days after such Event of Loss, the Grantor may give the Trustee written notice (an "Election Notice") of its election to substitute, on or before the applicable Substitution Date (as defined below), as a replacement for such Airframe and its related Engines (whether or not such Engines were affected by such Event of Loss), a Replacement Airframe and Replacement Engines, such Replacement Airframe and Replacement Engines to be owned by the Grantor free and clear of all Liens (other than Permitted Liens); provided that (i) the Appraised Value of the Replacement Aircraft (of which such Replacement Airframe and Replacement Engines are part) shall be greater than or equal to the Appraised Value of the Aircraft (of which such Airframe and its related Engines are part); and (ii) the Appraisal used to calculate the Appraised Value of such Replacement Aircraft shall have been performed by the applicable appraiser no earlier than 45 days prior to the date of such Election Notice. If the Grantor shall not deliver such Election Notice within the time period for such Election Notice specified in the first sentence of this Section 6.04(a) or shall not perform its obligation to effect such substitution on or prior to such Substitution Date, then at such time such Event of Loss shall constitute a Disposition of Aircraft Collateral that is not a Permitted Disposition for purposes of Section 6.04 of the Credit Agreement.

The "Substitution Date," with respect to an Event of Loss, means the Business Day next succeeding the 120th day following the date of occurrence of such Event of Loss.

If the Grantor elects to substitute a Replacement Airframe (or a Replacement Airframe and one or more Replacement Engines, as the case may be) pursuant to this Section 6.04(a), the Grantor shall, at its sole expense, not later than the applicable Substitution Date, (A) cause an Aircraft Security Agreement Supplement for such Replacement Airframe and Replacement Engine(s), if any, to be delivered to the Trustee for execution and, upon such execution, to be filed for recordation pursuant to the Transportation Code or the applicable laws of such other jurisdiction in which the applicable Aircraft may then be registered, (B) cause the sale of such Replacement Airframe and Replacement Engine(s), if any, to the Grantor (if occurring after February 28, 2006 and if the seller of such Replacement Airframe and Replacement Engine(s), if any, is "situated in" a country that has ratified the Cape Town Convention) and the International Interest created pursuant to such Aircraft Security Agreement Supplement in favor of the Trustee with respect to such Replacement Airframe and Replacement Engine(s), if any, each to be registered on the International Registry as a sale or an International Interest, respectively; provided that if the seller of such Replacement Airframe and Replacement Engine(s), if any, is not situated in a country that has ratified the Cape Town Convention, the Grantor will use its reasonable efforts to cause the seller to register the contract of sale on the International Registry, (C) cause a financing statement or statements with respect to such Replacement Airframe and Replacement Engine(s), if any, or other requisite documents or instruments to be filed in such place or places as necessary in order to perfect the Trustee's interest therein in the

United States, or in any other jurisdiction in which the applicable Aircraft may then be registered, (D) furnish the Trustee with an opinion of the Grantor's counsel (which may be the Grantor's General Counsel or such other internal counsel of the Grantor as shall be reasonably satisfactory to the Trustee) addressed to the Trustee to the effect that upon such replacement, such Replacement Airframe and Replacement Engine(s), if any, will be subject to the Lien of this Aircraft Security Agreement and addressing the matters set forth in clauses (A), (B) and (C), (E) furnish the Trustee with evidence of compliance with Section 6.05 with respect to such Replacement Airframe and Replacement Engine(s), if any (which may be an Officer's Certificate to the effect that the Grantor has determined that the insurance maintained with respect to such Replacement Airframe and Replacement Engine(s), if any, so complies); and (F) furnish the Trustee with a copy of the original bill(s) of sale or, if the bill(s) of sale are unavailable, other evidence of ownership reasonably satisfactory to the Trustee (which may be a copy of an invoice or purchase order) respecting such Replacement Airframe and Replacement Engine(s), if any.

In the case of each Replacement Airframe or Replacement Airframe and one or more Replacement Engines subjected to the Lien of this Aircraft Security Agreement under this Section 6.04(a), promptly upon the recordation of an Aircraft Security Agreement Supplement covering such Replacement Airframe and Replacement Engine(s), if any, pursuant to the Transportation Code (or pursuant to the applicable law of such other jurisdiction in which such Replacement Airframe and Replacement Engine(s), if any, are registered), the Grantor will cause to be delivered to the Trustee a favorable opinion of the Grantor's counsel (which may be the Grantor's General Counsel or such other internal counsel to the Grantor as shall be reasonably satisfactory to the Trustee) addressed to the Trustee as to the due registration of such Replacement Aircraft and the due recordation of such Aircraft Security Agreement Supplement or such other requisite documents or instruments, the registration with the International Registry of the sale of such Replacement Airframe and Replacement Engine(s), if any, to the Grantor (if occurring after February 28, 2006 and if the seller of such Replacement Airframe and Replacement Engine(s), if any, is "situated in" a country that has ratified the Cape Town Convention) and of the International Interests created pursuant to such Aircraft Security Agreement Supplement with respect to such Replacement Airframe and Replacement Engine(s), if any, and the validity and perfection of the security interest in the applicable Replacement Aircraft granted to the Trustee under this Aircraft Security Agreement.

For all purposes hereof, upon the attachment of the Lien of this Aircraft Security Agreement thereto, such Replacement Airframe and Replacement Engine(s), if any, shall become part of the Aircraft Collateral, such Replacement Airframe shall be deemed an "Airframe" as defined herein, and each such Replacement Engine shall be deemed an "Engine" as defined herein.

In the event that, after an Event of Loss, (x) the Grantor complies with Section 6.04 of the Credit Agreement (if such Event of Loss constitutes a Disposition of Aircraft Collateral that is not a Permitted Disposition as provided above) or, (y) if applicable, the Grantor performs the option set forth in the first sentence of this Section 6.04(a), upon compliance with clauses (A) through (F) of the second preceding paragraph, (i) the Aircraft that suffered such Event of Loss, all proceeds, the Warranty Rights in respect of such Aircraft and all rights relating to the foregoing shall be free and clear of the Lien of this Aircraft Security Agreement and of all rights and interests of the Trustee (and the other beneficiaries hereof), (ii) the Trustee shall execute and deliver to the Grantor an appropriate instrument releasing such properties, rights, interests and privileges from the Lien of this Aircraft Security Agreement and assigning to the Grantor all claims against third Persons for damage to or loss of such Aircraft arising from such Event of Loss, and (iii) the Trustee will take such actions as may be required to be taken by the Trustee to cancel or release any International Interest of the Trustee registered with the International Registry in relation to such Aircraft with respect to which such Event of Loss occurred.

(b) Event of Loss with Respect to any such Engine. Upon the occurrence of an Event of Loss with respect to any such Engine under circumstances in which there has not occurred an Event of Loss with respect to such Airframe, the Grantor shall give the Trustee prompt written notice thereof within 15 days after the Grantor has determined that an Event of Loss has occurred with respect to such Engine and shall, within 120 days after the occurrence of such Event of Loss, cause to be subjected to the Lien of this Aircraft Security Agreement, as replacement for the Engine with respect to which such Event of Loss occurred, a Replacement Engine free and clear of all Liens (other than Permitted Liens).

Prior to or at the time of any replacement under this Section 6.04(b), the Grantor will (i) cause an Aircraft Security Agreement Supplement covering such Replacement Engine to be delivered to the Trustee for execution and, upon such execution, to be filed for recordation pursuant to the Transportation Code or the applicable laws of any other jurisdiction in which such Aircraft may be registered, (ii) furnish the Trustee with a copy of the original bill of sale or, if the bill of sale is unavailable, other evidence of ownership reasonably satisfactory to the Trustee (which may be a copy of an invoice or purchase order) respecting such Replacement Engine, (iii) cause the sale of such Replacement Engine to the Grantor (if occurring after February 28, 2006 and if the seller of such Replacement Engine is "situated in" a country that has ratified the Cape Town Convention) and the International Interest created pursuant to such Aircraft Security Agreement Supplement in favor of the Trustee with respect to such Replacement Engine, to be registered on the International Registry as a sale or an International Interest; provided that if the seller of such Replacement Engine is not situated in a country that has ratified the Cape Town Convention, the Grantor will use its reasonable efforts to cause the seller to register the contract of sale on the International Registry, (iv) cause a financing statement or statements with respect to such Replacement Engine or other

requisite documents or instruments to be filed in such place or places as necessary in order to perfect the Trustee's interest therein in the United States, or in such other jurisdiction in which such Engine may then be registered, (v) furnish the Trustee with an opinion of the Grantor's counsel (which may be the Grantor's General Counsel or such other internal counsel to the Grantor as shall be reasonably satisfactory to the Trustee) addressed to the Trustee to the effect that, upon such replacement, such Replacement Engine will be subject to the Lien of this Aircraft Security Agreement, (vi) furnish the Trustee with a certificate of an aircraft engineer or appraiser (who may be an employee of the Grantor) certifying that such Replacement Engine has a value and utility (without regard to hours or cycles) at least equal to the Engine so replaced assuming such Engine was in the condition and repair required by the terms hereof immediately prior to the occurrence of such Event of Loss, and (vii) furnish the Trustee with evidence of compliance with Section 6.05 with respect to such Replacement Engine (which may be an Officer's Certificate to the effect that the Grantor has determined that the insurance maintained with respect to such Replacement Engine so complies). In the case of each Replacement Engine subjected to the Lien of this Aircraft Security Agreement under this Section 6.04(b), promptly upon the recordation of an Aircraft Security Agreement Supplement covering such Replacement Engine pursuant to the Transportation Code (or pursuant to the applicable law of such other jurisdiction in which such Aircraft is registered), the Grantor will cause to be delivered to the Trustee an opinion of counsel to the Grantor (which may be the Grantor's General Counsel or such other internal counsel of the Grantor as shall be reasonably satisfactory to the Trustee) addressed to the Trustee as to the due recordation of such Aircraft Security Agreement Supplement or such other requisite documents or instruments, the registration with the International Registry of the sale of such Replacement Engine to Grantor (if occurring after February 28, 2006 and if the seller of such Replacement Engine is "situated in" a country that has ratified the Cape Town Convention) and of the International Interest created pursuant to such Aircraft Security Agreement Supplement with respect to such Replacement Engine, and the validity and perfection of the security interest in the Replacement Engine granted to the Trustee under this Aircraft Security Agreement. For all purposes hereof, upon the attachment of the Lien of this Aircraft Security Agreement thereto, the Replacement Engine shall become part of the Aircraft Collateral and shall be deemed an "Engine" as defined herein. Upon compliance with clauses (i) through (vi) of this paragraph, (x) such replaced Engine, any proceeds, the Warranty Rights in respect of such replaced Engine and all rights relating to any of the foregoing shall be free and clear of the Lien of this Aircraft Security Agreement and of all rights and interests of the Trustee (and the other beneficiaries hereof), (y) the Trustee shall execute and deliver to the Grantor an appropriate instrument releasing such properties, rights, interests and privileges from the Lien of this Aircraft Security Agreement and assigning to the Grantor all claims against third Persons for damage to or loss of such Engine arising from the Event of Loss, and (z) the Trustee will take such actions as may be required to be taken by the Trustee to cancel or release any International Interest of the Trustee registered with the International Registry in relation to the Engines with respect to which such Event of Loss occurred.

(c) Requisition for Use by the Government of such Airframe and the Engines Installed Thereon. In the event of the requisition for use by any government, including, without limitation, pursuant to the CRAF Program, of such Airframe and such Engines or engines installed on such Airframe that does not constitute an Event of Loss, the Grantor shall promptly notify the Trustee and all of the Grantor's rights and obligations under this Aircraft Security Agreement with respect to such Airframe and such Engines shall continue to the same extent as if such requisition had not occurred; provided that, notwithstanding the foregoing, the Grantor's obligations other than payment obligations shall only continue to the extent feasible. All payments received by the Grantor or the Trustee from such government for such use of such Airframe and Engines or engines shall be paid over to, or retained by, the Grantor.

(d) Requisition for Use by the Government of any such Engine Not Installed on such Airframe. In the event of the requisition for use by any government of any such Engine not then installed on such Airframe, the Grantor will replace such Engine by complying with the terms of Section 6.04(b) to the same extent as if an Event of Loss had occurred with respect to such Engine. Upon such replacement, any payments received by the Grantor or the Trustee from such government with respect to such requisition shall be paid over to, or retained by, the Grantor.

(e) Application of Payments During Existence of Event of Default. Any amount referred to in Section 6.04 that is payable to or retainable by the Grantor shall not be paid to or retained by the Grantor if at the time of such payment or retention an Event of Default shall have occurred and be continuing, but, subject to any Intercreditor Agreement and any Other Intercreditor Agreement, shall be paid to and held by the Trustee as security for the Obligations. At such time as there shall not be continuing any such Event of Default, such amount shall be paid to the Grantor.

Section 6.05. Insurance. With respect to any Aircraft Collateral, the Grantor will:

(a) maintain insurance, against such risks, including fire and other risks, as is prudent and customary for United States-based passenger airlines of similar size insuring similar assets;

(b) maintain in full force and effect public liability insurance against claims for personal injury or death or property damage occurring upon, in, about or in connection with the use of such Aircraft Collateral, in such amounts and with such deductibles as are prudent and customary for United States-based passenger airlines of similar size insuring against similar risks; and

(c) maintain such other insurance or self-insurance as may be required by applicable law.

ARTICLE VII

CERTAIN COVENANTS

Section 7.01. Certain Covenants of the Grantor.

(a) Further Assurances. On and after the date hereof, the Grantor will cause to be done, executed, acknowledged and delivered such further acts, conveyances and assurances as the Trustee shall reasonably request for accomplishing the purposes of this Aircraft Security Agreement; provided that any instrument or other document so executed by the Grantor will not expand any obligations or limit any rights of the Grantor in respect of the transactions contemplated by this Aircraft Security Agreement.

(b) Filing and Recordation of this Aircraft Security Agreement; Registration of International Interests. The Grantor, at its own expense, will cause this Aircraft Security Agreement (with each Aircraft Security Supplement covering an Aircraft being subjected to the Lien of this Aircraft Security Agreement attached) to be promptly filed and recorded, or filed for recording, with the FAA to the extent permitted under the Transportation Code and the rules and regulations of the FAA thereunder. In addition, on or prior to each Aircraft Closing Date, the Grantor will cause the registration of the International Interests (or Prospective International Interests) created under this Aircraft Security Agreement (as supplemented by each Aircraft Security Agreement Supplement covering an Aircraft being subjected to the Lien of this Aircraft Security Agreement on such Aircraft Closing Date) to be effected on the International Registry in accordance with the Cape Town Treaty, and shall, as and to the extent applicable, consent to such registration upon the issuance of a request for such consent by the International Registry.

(c) Maintenance of Filings. The Grantor, at its expense, will take, or cause to be taken, such action with respect to the due and timely recording, filing, re-recording and refiling of this Aircraft Security Agreement and any financing statements and any continuation statements or other instruments as are necessary to maintain, so long as this Aircraft Security Agreement is in effect, the perfection of the security interests created by this Aircraft Security Agreement or will furnish the Trustee timely notice of the necessity of such action, together with such instruments, in execution form, and such other information as may be required to enable the Trustee to take such action. In addition, with respect to each Aircraft, the Grantor will pay any and all recording, stamp and other similar taxes payable in the United States, and in any other jurisdiction where such Aircraft is registered, in connection with the execution, delivery, recording, filing, re-recording and refiling of this Aircraft Security Agreement or any such financing statements or other instruments. The Grantor will notify the Trustee of any change in its jurisdiction of organization (as such term is used in Article 9 of the Uniform Commercial

Code as in effect in the [State of Delaware][5]) promptly after making such change or in any event within the period of time necessary under applicable law to prevent the lapse of perfection (absent refiling) of financing statements filed under this Aircraft Security Agreement.

Section 7.02. Certain Covenants of the Trustee.

(a) Continuing Registration and Re-Registration. The Trustee agrees to execute and deliver, at the Grantor's expense, all such documents and consents as the Grantor may reasonably request for the purpose of continuing the registration of any Aircraft at the FAA in the Grantor's name or for the purpose of registering or maintaining any registration on the International Registry in respect of such Aircraft. In addition, each of the Trustee agrees, for the benefit of the Grantor, to cooperate with the Grantor in effecting any foreign registration of any such Aircraft pursuant to Section 6.01(e) hereof; provided that prior to any such change in the country of registry of such Aircraft the conditions set forth in Section 6.01(e) hereof are met to the reasonable satisfaction of, or waived by, the Trustee.

(b) Quiet Enjoyment. The Trustee agrees, with respect to each Aircraft, that, unless an Event of Default shall have occurred and be continuing, it shall not (and shall not permit any Affiliate or other Person claiming by, through or under it to) take any action contrary to, or otherwise in any way interfere with or disturb (and then only in accordance with this Aircraft Security Agreement), the quiet enjoyment of the use and possession of such Aircraft, the related Airframe, any related Engine or any Part thereof by the Grantor or any transferee of any interest in any thereof permitted under this Aircraft Security Agreement.

(c) Cooperation. The Trustee will cooperate with the Grantor in connection with the recording, filing, re-recording and re-filing of this Aircraft Security Agreement and any Aircraft Security Agreement Supplements and any financing statements or other documents as are necessary to maintain the perfection hereof or otherwise protect the security interests created hereby.

Section 7.03. Subjection of Aircraft to Lien of Aircraft Security Agreement. If the Grantor has elected to subject any Additional Aircraft to the Lien of this Aircraft Security Agreement as Additional Collateral or Qualified Replacement Assets pursuant to the Credit Agreement, the Grantor shall, at its sole expense (A) cause an Aircraft Security Agreement Supplement describing the airframe and engines that constitute such Additional Aircraft to be delivered to the Trustee for execution and, upon such execution, to be filed for recordation pursuant to the Transportation Code or the applicable laws of

5 Revise bracketed phrase as necessary for the applicable Grantor.

such other jurisdiction in which such Additional Aircraft may then be registered, (B) cause the sale of such Additional Aircraft to the Grantor (if occurring after February 28, 2006 and if the seller of such Additional Aircraft is "situated in" a country that has ratified the Cape Town Convention) and the International Interest created pursuant to such Aircraft Security Agreement Supplement in favor of the Trustee with respect to such Additional Aircraft each to be registered on the International Registry as a sale or an International Interest, respectively; provided that if the seller of such Additional Aircraft is not situated in a country that has ratified the Cape Town Convention, the Grantor will use its reasonable efforts to cause the seller to register the contract of sale on the International Registry, (C) cause a financing statement or statements with respect to such Additional Aircraft or other requisite documents or instruments to be filed in such place or places as necessary in order to perfect the Trustee's interest therein in the United States, or in any other jurisdiction in which such Additional Aircraft may then be registered, (D) furnish the Trustee with an opinion of the Grantor's counsel (which may be the Grantor's General Counsel or such other internal counsel of the Grantor as shall be reasonably satisfactory to the Trustee) addressed to the Trustee to the effect that upon taking the actions described in clauses (A), (B) and (C), such Additional Aircraft will be subject to the Lien of this Aircraft Security Agreement, (E) furnish the Trustee with evidence of compliance with Section 6.05 with respect to such Additional Aircraft (which may be an Officer's Certificate to the effect that the Grantor has determined that the insurance maintained with respect to such Additional Aircraft so complies) and (F) furnish the Trustee with a copy of the original bill(s) of sale or, if the bill(s) of sale are unavailable, other evidence of ownership reasonably satisfactory to the Trustee (which may be a copy of an invoice or purchase order) respecting the airframe and engine(s) constituting part of such Additional Aircraft. The Trustee shall promptly execute such Aircraft Security Agreement Supplement and take such other actions reasonably requested by the Grantor to subject such Additional Aircraft to the Lien of this Aircraft Security Agreement.

In the case of any Additional Aircraft subjected to the Lien of this Aircraft Security Agreement under this Section 7.03, promptly upon the recordation of an Aircraft Security Agreement Supplement covering such Additional Aircraft pursuant to the Transportation Code (or pursuant to the applicable law of such other jurisdiction in which such Additional Aircraft is registered), the Grantor will cause to be delivered to the Trustee a favorable opinion of the Grantor's counsel (which may be the Grantor's General Counsel or such other internal counsel to the Grantor as shall be reasonably satisfactory to the Trustee) addressed to the Trustee as to the due registration of such Additional Aircraft and the due recordation of such Aircraft Security Agreement Supplement or such other requisite documents or instruments, the registration with the International Registry of the sale of such Additional Aircraft to the Grantor (if occurring after February 28, 2006 and if the seller of such Additional Aircraft is "situated in" a country that has ratified the Cape Town Convention) and of the International Interests created pursuant to such Aircraft Security Agreement Supplement with respect to such Additional Aircraft, and the validity and perfection of the security interest in such Additional Aircraft granted to the Trustee under this Aircraft Security Agreement.

For all purposes hereof, upon the attachment of the Lien of this Aircraft Security Agreement thereto, such Additional Aircraft shall become part of the Aircraft Collateral, the airframe constituting part of such Additional Aircraft shall be deemed an "Airframe" as defined herein, and each engine constituting part of the Additional Aircraft shall be deemed an "Engine" as defined herein.

Section 7.04. Release of Aircraft from Lien of Aircraft Security Agreement. Upon the satisfaction of the requirements for the release of any Aircraft from the Lien of this Aircraft Security Agreement pursuant to this Aircraft Security Agreement, (i) such Aircraft, all proceeds, the Warranty Rights in respect of such Aircraft and all rights relating to the foregoing shall be free and clear of the Lien of this Aircraft Security Agreement and of all rights and interests of the Trustee (and the other beneficiaries hereof), (ii) the Trustee shall execute and deliver to the Grantor an appropriate instrument releasing such properties, rights, interests and privileges from the Lien of this Aircraft Security Agreement and assigning to the Grantor all claims against third Persons for damage to or loss of such Aircraft, and (iii) the Trustee will take such actions as may be required to be taken by the Trustee to cancel or release any International Interest of the Trustee registered with the International Registry in relation to such Aircraft.

Section 7.05. Non-Lender Secured Parties.

(a) Rights to Collateral.

(i) The Non-Lender Secured Parties shall not have any right whatsoever to do any of the following: (A) exercise any rights or remedies with respect to the Aircraft Collateral or to direct the Trustee to do the same, including, without limitation, the right to (1) enforce any Liens or sell or otherwise foreclose on any portion of the Aircraft Collateral, (2) request any action, institute any proceedings, exercise any voting rights, give any instructions, make any election or make collections with respect to all or any portion of the Aircraft Collateral or (3) release the Grantor under this Aircraft Security Agreement or release any Aircraft Collateral from the Liens of any Collateral Document or consent to or otherwise approve any such release; (B) demand, accept or obtain any Lien on any Aircraft Collateral (except for Liens arising under, and subject to the terms of, this Aircraft Security Agreement); (C) vote in any New Bankruptcy Case or similar proceeding in respect of Parent or any of its Subsidiaries (any such proceeding, for purposes of this clause (i), a "Bankruptcy") with respect to, or take any other actions concerning the Aircraft Collateral; (D) receive any proceeds from any sale, transfer or other disposition of any of the Aircraft Collateral (except in accordance with this Aircraft Security Agreement); (E)

oppose any sale, transfer or other disposition of the Aircraft Collateral; (F) object to any debtor-in-possession financing in any Bankruptcy which is provided by one or more Lenders among others (including on a priming basis under Section 364(d) of the Bankruptcy Code); (G) object to the use of cash collateral in respect of the Aircraft Collateral in any Bankruptcy; or (H) seek, or object to the Lenders, the Administrative Agent, the Collateral Agent or the Trustee seeking on an equal and ratable basis, any adequate protection or relief from the automatic stay with respect to the Aircraft Collateral in any Bankruptcy.

(ii) Each Non-Lender Secured Party, by its acceptance of the benefits of this Aircraft Security Agreement and the other Collateral Documents, agrees that in exercising rights and remedies with respect to the Aircraft Collateral, the Trustee, the Collateral Agent and the Lenders, with the consent of the Collateral Agent, may enforce the provisions of the Collateral Documents and exercise remedies thereunder and under any other Loan Documents (or refrain from enforcing rights and exercising remedies), all in such order and in such manner as they may determine in the exercise of their sole business judgment and subject to the terms of any Intercreditor Agreement and any Other Intercreditor Agreement. Such exercise and enforcement shall include, without limitation, the rights to collect, sell, dispose of or otherwise realize upon all or any part of the Collateral, to incur expenses in connection with such collection, sale, disposition or other realization and to exercise all the rights and remedies of a secured lender under the UCC. The Non-Lender Secured Parties by their acceptance of the benefits of this Aircraft Security Agreement and the other Collateral Documents hereby agree not to contest or otherwise challenge any such collection, sale, disposition or other realization of or upon all or any of the Aircraft Collateral. Whether or not a New Bankruptcy Case has been commenced, the Non-Lender Secured Parties shall be deemed to have consented to any sale or other disposition of any property, business or assets of Parent or any of its Subsidiaries and the release of any or all of the Aircraft Collateral from the Liens of any Collateral Document in connection therewith.

(iii) Notwithstanding any provision of this Section 7.05(a), the Non-Lender Secured Parties shall be entitled, subject to any Intercreditor Agreement and any Other Intercreditor Agreement, to file any necessary responsive or defensive pleadings in opposition to any motion, claim, adversary proceeding or other pleadings (A) in order to prevent any Person from seeking to foreclose on the Aircraft Collateral or supersede the Non-Lender Secured Parties' claim thereto or (B) in opposition to any motion, claim, adversary proceeding or other pleading made by any Person objecting to or otherwise seeking the disallowance of the claims of the Non-Lender Secured Parties. Each Non-Lender Secured Party, by its acceptance of the benefits of this Aircraft Security Agreement, agrees to be bound by and to comply with any Intercreditor Agreement and any Other Intercreditor Agreement and authorizes the Trustee to enter into the Intercreditor Agreements and Other Intercreditor Agreements on its behalf.

(iv) Each Non-Lender Secured Party, by its acceptance of the benefits of this Aircraft Security Agreement, agrees that the Collateral Agent and the Lenders may deal with the Aircraft Collateral, including any exchange, taking or release of Aircraft Collateral, may change or increase the amount of the Obligations, and may release any Grantor from its Obligations hereunder, all without any liability or obligation (except as may be otherwise expressly provided herein) to the Non-Lender Secured Parties.

(b) Appointment of Agent. Each Non-Lender Secured Party, by its acceptance of the benefits of this Aircraft Security Agreement and the other Collateral Documents, shall be deemed irrevocably to make, constitute and appoint the Trustee, as agent of the Collateral Agent under the Credit Agreement (and all officers, employees or agents designated by the Trustee) as such Person's true and lawful agent and attorney-in-fact, and in such capacity, the Trustee shall have the right, with power of substitution for the Non-Lender Secured Parties and in each such Person's name or otherwise, to effectuate any sale, transfer or other disposition of the Aircraft Collateral. It is understood and agreed that the appointment of the Trustee as the agent and attorney-in-fact of the Non-Lender Secured Parties for the purposes set forth herein is coupled with an interest and is irrevocable. It is understood and agreed that the Trustee has appointed the Administrative Agent as its agent for purposes of perfecting certain of the security interests created hereunder and for otherwise carrying out certain of its obligations hereunder.

(c) Waiver of Claims. To the maximum extent permitted by law, each Non-Lender Secured Party waives any claim it might have against the Trustee, the Collateral Agent or the Lenders with respect to, or arising out of, any action or failure to act or any error of judgment, negligence, or mistake or oversight whatsoever on the part of the Trustee, the Collateral Agent or the Lenders or their respective directors, officers, employees or agents with respect to any exercise of rights or remedies under the Loan Documents or any transaction relating to the Aircraft Collateral (including, without limitation, any such exercise described in Section 7.05(a)(ii)), except for any such action or failure to act that constitutes willful misconduct or gross negligence of such Person. To the maximum extent permitted by applicable law, none of the Trustee, the Collateral Agent or any Lender or any of their respective directors, officers, employees or agents shall be liable for failure to demand, collect or realize upon any of the Aircraft Collateral or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any Aircraft Collateral upon the request of Parent, any Subsidiary of Parent, any Non-Lender Secured Party or any other Person or to take any other action or forbear from doing so whatsoever with regard to the Aircraft Collateral or any part thereof, except for any such action or failure to act that constitutes willful misconduct or gross negligence of such Person.

ARTICLE VIII

MISCELLANEOUS

Section 8.01. Termination of this Aircraft Security Agreement. Subject to Section 6.03, Section 6.04 and Section 7.04 (and without in any way limiting provisions regarding any release of the Lien of this Aircraft Security Agreement contained in such Section 6.03, Section 6.04 and Section 7.04, as applicable):

(a) At such time as the Obligations (other than any Obligations owing to a Non-Lender Secured Party) then due and owing shall have been paid in full, the Commitments under the Credit Agreement have been terminated and no Letters of Credit shall be outstanding (except for Letters of Credit that have been cash collateralized or otherwise provided for in a manner reasonably satisfactory to the Administrative Agent), all Aircraft Collateral shall be released from the Liens created hereby, and this Aircraft Security Agreement and all obligations (other than those expressly stated to survive such termination) of the Trustee and the Grantor shall terminate, all without delivery of any instrument or performance of any act by any party, and all rights to the Aircraft Collateral shall revert to the Grantor. At the request and sole expense of the Grantor following any such termination, the Trustee shall execute, acknowledge and deliver to the Grantor such releases, instruments or other documents and do or cause to be done all other acts, as the Grantor shall reasonably request to evidence such termination.

(b) Upon any Permitted Disposition of Aircraft Collateral (whether by way of the sale of Aircraft Collateral or the sale of Capital Stock of the Grantor of such Aircraft Collateral) permitted by the Credit Agreement, the Lien pursuant to this Aircraft Security Agreement on the Aircraft Collateral subject to such sale or other disposition (or in the case of a sale of Capital Stock of the Grantor, the Grantor's Aircraft Collateral) shall be automatically released. In connection with any other Disposition of Aircraft Collateral (whether by way of the sale of Aircraft Collateral or the sale of Capital Stock of the Grantor of such Aircraft Collateral) permitted under the Credit Agreement, the Trustee shall, upon receipt from the Grantor of a written request for the release of the Aircraft Collateral subject to such sale or other disposition (or in the case of a sale of Capital Stock of the Grantor, the release of the Grantor's Aircraft Collateral), at the Grantor's sole cost and expense, execute, acknowledge and deliver to the Grantor such releases, instruments or other documents, and do or cause to be done all other acts, as the Grantor shall reasonably request to evidence or effect the release of the Liens created hereby (if any) on such Aircraft Collateral.

Section 8.02. No Legal Title to Aircraft Collateral in the Secured Parties. No holder of any Obligation shall have legal title to any part of the Aircraft Collateral. No transfer, by operation of law or otherwise, of any Obligations or other right, title and interest of any Secured Party in and to the Aircraft Collateral or hereunder shall operate to terminate this Aircraft Security Agreement or entitle such holder or any successor or transferee of such holder to an accounting or to the transfer to it of any legal title to any part of the Aircraft Collateral.

Section 8.03. Sale by the Trustee Is Binding. Any sale or other conveyance of any Aircraft, the related Airframe, any related Engine or any interest therein by the Trustee made pursuant to the terms of this Aircraft Security Agreement shall bind the Secured Parties and the Grantor and shall be effective to transfer or convey all right, title and interest of the Trustee, the Grantor and such Secured Parties in and to such Aircraft, Airframe, Engine or interest therein. No purchaser or other grantee shall be required to inquire as to the authorization, necessity, expediency or regularity of such sale or conveyance or as to the application of any sale or other proceeds with respect thereto by the Trustee or the other Secured Parties.

Section 8.04. This Aircraft Security Agreement for the Benefit of the Grantor, the Trustee, the Collateral Agent and the Secured Parties. Nothing in this Aircraft Security Agreement, whether express or implied, shall be construed to give any Person other than the Grantor, the Trustee, the Collateral Agent and the other Secured Parties any legal or equitable right, remedy or claim under or in respect of this Aircraft Security Agreement, except that the Persons referred to in the second to last full paragraph of Section 6.01(a) shall be third party beneficiaries of such paragraph.

Section 8.05. Notices.

(a) Except in the case of notices and other communications expressly permitted to be given by telephone (and subject to paragraph (b) below), all notices and other communications provided for herein shall be in writing (including by facsimile or electronic mail), and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile, as follows:

(i) if to the Grantor, to it at [ ], Facsimile No.: [ ], email: [ ]; in each case Attention: [ ]; with copies (which shall not constitute notice) to: [ ], facsimile: [ ]; Attention: [ ]; and

(ii) if to the Trustee, to it at [Name of Trustee], [ ], Facsimile No.: [ ]; email:[ ]; in each case Attention: [ ].

(b) The Trustee or the Grantor may, in its reasonable discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

(c) Any party hereto may change its address or facsimile number for notices and other communications hereunder by notice to the other parties hereto. All notices and other communications given to any party hereto in accordance with the provisions of this Aircraft Security Agreement shall be deemed to have been given on the date of receipt.

Section 8.06. Severability of Provisions. To the extent permitted by applicable law, any provision of this Aircraft Security Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

Section 8.07. No Oral Modification or Continuing Waivers. Subject to Section 10.08 of the Credit Agreement, no terms or provisions of this Aircraft Security Agreement may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the Grantor and the Trustee. Any waiver of the terms hereof shall be effective only in the specific instance and for the specific purpose given.

Section 8.08. Successors and Assigns. This Aircraft Security Agreement shall be binding upon the Grantor and its successors and assigns and shall inure to the benefit of the Trustee, the Collateral Agent and each Secured Party and their respective successors and permitted assigns; provided that the Grantor may not transfer or assign any or all of its rights or obligations hereunder without the prior written consent of the Trustee, unless otherwise permitted by the applicable Loan Documents. All agreements, statements, representations and warranties made by the Grantor herein or in any certificate or other instrument delivered by the Grantor or on its behalf under this Aircraft Security Agreement shall be considered to have been relied upon by the Secured Parties and shall survive the execution and delivery of this Aircraft Security Agreement and the other Loan Documents regardless of any investigation made by the Trustee, the Collateral Agent or the Secured Parties or on their behalf.

Section 8.09. Headings. Section headings used herein are for convenience only and are not to affect the construction or be taken into consideration in interpreting this Aircraft Security Agreement.

Section 8.10. Normal Commercial Relations. Anything contained in this Aircraft Security Agreement to the contrary notwithstanding, the Trustee, any other Secured Party or any of their affiliates may conduct any banking or other financial transactions, and

have banking or other commercial relationships, with the Grantor, fully to the same extent as if this Aircraft Security Agreement were not in effect, including without limitation the making of loans or other extensions of credit to the Grantor for any purpose whatsoever, whether related to any of the transactions contemplated hereby or otherwise.

Section 8.11. The Grantor's Performance and Rights. Any obligation imposed on the Grantor herein shall require only that the Grantor perform or cause to be performed such obligation, even if stated as a direct obligation, and the performance of any such obligation by any permitted assignee, lessee or transferee under an assignment, lease or transfer agreement then in effect and in accordance with the provisions of this Aircraft Security Agreement shall constitute performance by the Grantor and, to the extent of such performance, discharge such obligation by the Grantor. Except as otherwise expressly provided herein, any right granted to the Grantor in this Aircraft Security Agreement shall grant the Grantor the right to permit such right to be exercised by any such assignee, lessee or transferee, and, in the case of a lessee, as if the terms hereof were applicable to such lessee were such lessee the Grantor hereunder. The inclusion of specific references to obligations or rights of any such assignee, lessee or transferee in certain provisions of this Aircraft Security Agreement shall not in any way prevent or diminish the application of the provisions of the two sentences immediately preceding with respect to obligations or rights in respect of which specific reference to any such assignee, lessee or transferee has not been made in this Aircraft Security Agreement.

Section 8.12. Execution in Counterparts. This Aircraft Security Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract.

Section 8.13. Governing Law. **THIS AIRCRAFT SECURITY AGREEMENT HAS BEEN DELIVERED IN THE STATE OF NEW YORK AND THIS AIRCRAFT SECURITY AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AIRCRAFT SECURITY AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO ITS PRINCIPLES OR RULES OF CONFLICT OF LAWS, TO THE EXTENT SUCH PRINCIPLES OR RULES ARE NOT MANDATORILY APPLICABLE BY STATUTE AND WOULD REQUIRE OR PERMIT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION.**

Section 8.14. Consent to Jurisdiction and Service of Process.

(a) Each party hereto hereby irrevocably and unconditionally submits, for itself and its property in any legal action or proceeding relating to this Aircraft Security Agreement and the other Loan Documents to which it is a party, to the exclusive

jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York and appellate courts from either of them on and after the Plan Effective Date, and, prior to the Plan Effective Date, of the United States Bankruptcy Court for the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Aircraft Security Agreement, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State court or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall, to the extent permitted by law, be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

(b) Each party hereto hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Aircraft Security Agreement in any court referred to in Section 8.14(a). Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(c) Each party hereto hereby irrevocably and unconditionally consents to service of process in the manner provided for notices in Section 8.05. Nothing in this Aircraft Security Agreement will affect the right of any party to this Aircraft Security Agreement to serve process in any other manner permitted by law.

Section 8.15. Amendments, Etc. This Aircraft Security Agreement may not be amended, modified or waived except with the written consent of the Grantor and the Trustee (who shall act pursuant to and in accordance with the terms of Section 10.08 of the Credit Agreement); provided that unless separately agreed in writing between the Grantor and any Non-Lender Secured Party, no such waiver and no such amendment or modification shall amend, modify or waive Section 3.01(a) (or the definition of "Non-Lender Secured Party" or "Secured Party" to the extent relating thereto) if such waiver, amendment, or modification would directly and adversely affect a Non-Lender Secured Party without the written consent of such affected Non-Lender Secured Party. Any amendment, modification or supplement of or to any provision of this Aircraft Security Agreement, any termination or waiver of any provision of this Aircraft Security Agreement and any consent to any departure by the Grantor from the terms of any provision of this Aircraft Security Agreement shall be effective only in the specific instance and for the specific purpose for which made or given. No notice to or demand upon the Grantor in any instance hereunder shall entitle the Grantor to any other or further notice or demand in similar or other circumstances. For the avoidance of doubt, it is understood and agreed that any amendment, amendment and restatement, waiver,

supplement or other modification of or to any Intercreditor Agreement or any Other Intercreditor Agreement that would have the effect, directly or indirectly, through any reference herein to any Intercreditor Agreement or any Other Intercreditor Agreement or otherwise, of waiving, amending, supplementing or otherwise modifying this Aircraft Security Agreement, or any term or provision hereof, or any right or obligation of the Grantor hereunder or in respect hereof, shall not be given such effect except pursuant to a written instrument executed by the Grantor and the Trustee in accordance with this Section 8.15.

[Signature Pages Follow.]

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

[NAME OF GRANTOR]

By: _____
Name:
Title:

[NAME OF TRUSTEE], as Trustee

By: _____
Name:
Title:

FORM OF AIRCRAFT SECURITY AGREEMENT SUPPLEMENT

AIRCRAFT SECURITY AGREEMENT SUPPLEMENT NO.

AIRCRAFT SECURITY AGREEMENT SUPPLEMENT NO. , dated , ("Aircraft Security Agreement Supplement"), between [NAME OF GRANTOR] (the "Grantor") and [NAME OF TRUSTEE], as Trustee under the Aircraft Security Agreement (each as hereinafter defined).

W I T N E S S E T H:

WHEREAS, the Aircraft Security Agreement, dated as of , 20 (the "Aircraft Security Agreement"; capitalized terms used herein without definition shall have the meanings specified therefor in Annex A to the Aircraft Security Agreement), between the Grantor and [Name of Trustee], as security trustee (the "Trustee"), provides for the execution and delivery of supplements thereto substantially in the form hereof which shall particularly describe an Aircraft, and shall specifically grant a security interest in such Aircraft to the Trustee.

[WHEREAS, the Aircraft Security Agreement relates to the Airframes and Engines described in Annex A attached hereto and made a part hereof, and a counterpart of the Aircraft Security Agreement Supplement is attached to and made a part of this Aircraft Security Agreement;][1]

[WHEREAS, the Grantor has, as provided in the Aircraft Security Agreement, heretofore executed and delivered to the Trustee Aircraft Security Agreement Supplement(s) for the purpose of specifically subjecting to the Lien of the Aircraft Security Agreement certain airframes and/or engines therein described, which Aircraft Security Agreement Supplement(s) is/are dated and has/have been duly recorded with the FAA as set forth below, to wit:

Date	Recordation Date	Conveyance No.][2]

1 Use for Aircraft Security Agreement Supplement No. 1 only.
2 Use for all Aircraft Security Agreement Supplements other than Aircraft Security Agreement Supplement No. 1.

NOW, THEREFORE, to secure all of the Obligations, and in consideration of the premises, the mutual agreements set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Grantor hereby pledges, grants and creates a security interest and mortgage in favor of the Trustee for its benefit and the benefit of the other Secured Parties in all estate, right, title and interest of the Grantor in, to and under the Aircraft, including the Airframe[s] and Engines described in Annex A attached hereto, whether or not any such Engine may from time to time be installed on [any][the][the related Airframe, any other] Airframe or any other airframe or any other aircraft, and any and all Parts relating thereto, and, to the extent provided in the Aircraft Security Agreement, all substitutions and replacements of, and additions, improvements, accessions and accumulations to, [the][each such] Aircraft, including the Airframe, the Engines and any and all Parts (in each case other than any substitutions, replacements, additions, improvements, accessions and accumulations that constitute items excluded from the definition of Parts by clauses (b), (c) and (d) thereof) relating thereto;

TO HAVE AND TO HOLD all and singular the aforesaid property unto the Trustee, and its successors and permitted assigns, in trust for its benefit and the benefit of other Secured Parties, except as otherwise provided in the Aircraft Security Agreement, and for the uses and purposes and subject to the terms and provisions set forth in the Aircraft Security Agreement.

This Aircraft Security Agreement Supplement shall be construed as supplemental to the Aircraft Security Agreement and shall form a part thereof, and the Aircraft Security Agreement is hereby incorporated by reference herein and is hereby ratified, approved and confirmed.

THIS AIRCRAFT SECURITY AGREEMENT SUPPLEMENT HAS BEEN DELIVERED IN THE STATE OF NEW YORK AND THIS AIRCRAFT SECURITY AGREEMENT SUPPLEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AIRCRAFT SECURITY AGREEMENT SUPPLEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO ITS PRINCIPLES OR RULES OF CONFLICT OF LAWS, TO THE EXTENT SUCH PRINCIPLES OR RULES ARE NOT MANDATORILY APPLICABLE BY STATUTE AND WOULD REQUIRE OR PERMIT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION.

[Signature Pages Follow.]

IN WITNESS WHEREOF, the undersigned have caused this Aircraft Security Agreement Supplement No. to be duly executed by their respective duly authorized officers, on the date first above written.

[NAME OF GRANTOR]

By: _____
Name:
Title:

[NAME OF TRUSTEE], as Trustee

By: _____
Name:
Title:

Annex A to
Aircraft Security Agreement Supplement No.

DESCRIPTION OF AIRFRAME[S] AND ENGINES

AIRFRAME

Manufacturer	Model	Generic Manufacturer and Model	FAA Registration No.	Manufacturer's Serial No.

ENGINES

Manufacturer	Model	Generic Manufacturer and Model	Manufacturer's Serial Nos.

Each Engine has 550 or more rated takeoff horsepower or the equivalent of such horsepower and is a jet propulsion aircraft engine having at least 1750 pounds of thrust or the equivalent of such thrust.

LIST OF PERMITTED COUNTRIES

Australia*
Austria*
Bahamas
Barbados
Belgium
Bermuda Islands
Brazil
British Virgin Islands
Canada*
Cayman Islands
Chile
Czech Republic
Denmark*
Ecuador
Finland*
France*
Germany*
Greece
Hong Kong
Hungary
Iceland*
India
Ireland*
Italy
Jamaica
Japan*
Kuwait
Liechtenstein*
Luxembourg*
Malaysia
Mexico
Monaco*
the Netherlands*
Netherlands Antilles
New Zealand*
Norway*
Peoples' Republic of China
Poland
Portugal
Republic of China (Taiwan)
Singapore
South Africa
South Korea
Spain
Sweden*
Switzerland*
Thailand
Trinidad and Tobago
United Kingdom*

* Country of domicile for a manufacturer (or its Affiliate) referred to in Section 6.01(a)(ix).

DEFINITIONS

"Additional Agent" shall have the meaning specified in the Intercreditor Agreement.

"Additional Aircraft" shall mean any aircraft that the Grantor has elected to subject to the Lien of the Aircraft Security Agreement as Additional Collateral or Qualified Replacement Assets, other than the initial Aircraft so subjected or any Replacement Aircraft.

"Additional Collateral" shall have the meaning specified in the Credit Agreement.

"Additional Collateral Documents" shall have the meaning specified in the Intercreditor Agreement.

"Additional Credit Facility Secured Parties" shall have the meaning specified in the Intercreditor Agreement.

"Additional Obligations" shall have the meaning specified in the Intercreditor Agreement.

"Administrative Agent" shall have the meaning specified in the Credit Agreement.

"Affiliate" shall have the meaning specified in the Credit Agreement.

"Aircraft" shall mean each Airframe (or any Replacement Airframe substituted for such Airframe pursuant to Section 6.04 of the Aircraft Security Agreement or any airframe constituting part of an Additional Aircraft that has been subjected to the Lien of the Aircraft Security Agreement pursuant to Section 7.03 of the Aircraft Security Agreement) together with the two related Engines described in **Annex A** to the Aircraft Security Agreement Supplement originally executed and delivered under the Aircraft Security Agreement relating to such Airframe or Replacement Airframe (or any Replacement Engine that may from time to time be substituted for any of such Engines pursuant to Section 6.03 or Section 6.04 of the Aircraft Security Agreement or any engines subjected to the Lien of the Aircraft Security Agreement in connection with an Additional Aircraft that has been subjected to the Lien of the Aircraft Security Agreement pursuant to Section 7.03 of the Aircraft Security Agreement)), whether or not any of such initial or substituted Engines may from time to time be installed on such Airframe or Replacement Airframe or any other airframe or aircraft. The term "Aircraft" shall include any Replacement Aircraft or Additional Aircraft that has been subjected to the Lien of the Aircraft Security Agreement pursuant to Section 7.03 of the Aircraft Security Agreement. The term "Aircraft" shall not include any Aircraft after the Lien of the Aircraft Security Agreement shall have been terminated with respect thereto.

"Aircraft Closing Date" shall mean with respect to any aircraft, the date such aircraft is subjected to the Lien of the Aircraft Security Agreement.

"Aircraft Collateral" shall have the meaning specified in the granting clause of the Aircraft Security Agreement.

"Aircraft Protocol" shall mean the official English language text of the Protocol to the Convention on International Interests in Mobile Equipment on Matters Specific to Aircraft Equipment, adopted on November 16, 2001, at a diplomatic conference in Cape Town, South Africa, and all amendments, supplements, and revisions thereto (and from and after the effective date of the Cape Town Treaty in the relevant country, means when referring to the Aircraft Protocol with respect to that country, the Aircraft Protocol as in effect in such country, unless otherwise indicated).

"Aircraft Security Agreement" shall mean the Aircraft Security Agreement, dated as of [●], between the Grantor and the Trustee acting on behalf of the Collateral Agent, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms, including supplementation by an Aircraft Security Agreement Supplement pursuant to the Aircraft Security Agreement.

"Aircraft Security Agreement Supplement" shall mean a supplement to the Aircraft Security Agreement executed and delivered thereunder, substantially in the form of **Exhibit A** to the Aircraft Security Agreement, which shall describe any Aircraft and any Replacement Airframe and/or Replacement Engine included in the property subject to the Lien of the Aircraft Security Agreement.

"Airframe" shall mean (a) each airframe further described in **Annex A** to an Aircraft Security Agreement Supplement originally executed and delivered in respect of such airframe under the Aircraft Security Agreement (except (i) the related Engines or engines from time to time installed thereon and any and all Parts related to such Engine or engines and (ii) items installed or incorporated in or attached to such aircraft from time to time that are excluded from the definition of Parts by clauses (b), (c) and (d) thereof) and (b) any and all related Parts. The term "Airframe" shall include any Replacement Airframe that may from time to time be substituted for any Airframe pursuant to Section 6.04 of the Aircraft Security Agreement or any airframe subjected to the Lien of the Aircraft Security Agreement in connection with an Additional Aircraft that has been subjected to the Lien of the Aircraft Security Agreement pursuant to Section 7.03 of the Aircraft Security Agreement. At such time as a Replacement Airframe shall be so substituted and the Airframe for which such substitution is made shall be released from the Lien of the Aircraft Security Agreement, such replaced Airframe shall cease to be an Airframe under the Aircraft Security Agreement. The term "Airframe" shall not include any Airframe after the Lien of the Aircraft Security Agreement shall have been terminated with respect thereto.

"Appraisal" shall have the meaning specified in the Credit Agreement.

"Appraised Value" shall have the meaning specified in the Credit Agreement.

"Banking Product Provider" shall mean any Person that has entered into a Designated Banking Product Agreement with Parent or the Grantor.

"Bankruptcy Case" shall mean (a) pursuant to or within the meaning of Bankruptcy Law, (i) a voluntary case commenced by Parent or any of its Subsidiaries, (ii) an involuntary case in which Parent or any of its Subsidiaries consent to the entry of an order for relief against it, (iii) an appointment consented to by Parent or any of its Subsidiaries of a custodian of it or for all or substantially all of its property, (iv) the making of a general assignment for the benefit of its creditors by Parent or any of its Subsidiaries or (v) the admission in writing of Parent's or any of its Subsidiaries' inability generally to pay its debts or (b) an order or decree under any Bankruptcy Law entered by a court of competent jurisdiction that (i) is for relief against Parent or any of its Subsidiaries in an involuntary case, (ii) appoints a custodian of Parent or any of its Subsidiaries for all or substantially all of the property of Parent or any of its Subsidiaries, (iii) orders the liquidation of Parent or any of its Subsidiaries, and in each case of this clause (b) the order or decree remains unstayed and in effect for 60 consecutive days.

"Bankruptcy Code" shall mean the United States Bankruptcy Code, 11 United States Code §§101 *et seq*., as amended, or any successor statutes thereto.

"Business Day" shall have the meaning specified in the Credit Agreement.

"Cape Town Convention" shall mean the official English language text of the Convention on International Interests in Mobile Equipment, adopted on November 16, 2001, at a diplomatic conference in Cape Town, South Africa, and all amendments, supplements, and revisions thereto (and from and after the effective date of the Cape Town Treaty in the relevant country, means when referring to the Cape Town Convention with respect to that country, the Cape Town Convention as in effect in such country, unless otherwise indicated).

"Cape Town Treaty" shall mean, collectively, the official English language text of (a) the Convention on International Interests in Mobile Equipment, and (b) the Protocol to the Convention on International Interests in Mobile Equipment on Matters Specific to Aircraft Equipment, in each case adopted on November 16, 2001, at a diplomatic conference in Cape Town, South Africa, and from and after the effective date of the Cape Town Treaty in the relevant country, means when referring to the Cape Town Treaty with respect to that country, the Cape Town Treaty as in effect in such country, unless otherwise indicated, and (c) all rules and regulations adopted pursuant thereto and, in the case of each of the foregoing described in clauses (a) through (c), all amendments, supplements, and revisions thereto.

"Capital Stock" shall have the meaning specified in the Credit Agreement.

"Certificated Air Carrier" shall mean an air carrier holding an air carrier operating certificate issued by the Secretary of Transportation pursuant to Chapter 447 of Title 49 of the United States Code for aircraft capable of carrying ten or more individuals or 6,000 pounds or more of cargo.

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

"Collateral Agent" shall have the meaning specified in the Credit Agreement.

"Collateral Documents" shall have the meaning specified in the Credit Agreement.

"Commitments" shall have the meaning specified in the Credit Agreement.

"Compulsory Acquisition" shall mean requisition of title or other compulsory acquisition, capture, seizure, deprivation, confiscation or detention for any reason of an Aircraft or the related Airframe or any related Engine by any government that results in the loss of title or use of such Aircraft, such Airframe or any such Engine by the Grantor (or any Permitted Lessee) for a period in excess of 180 consecutive days, but shall exclude requisition for use not involving requisition of title.

"CRAF Program" shall mean the Civil Reserve Air Fleet Program authorized under 10 U.S.C. Section 9511 *et seq*. or any similar or substitute program under the laws of the United States.

"Credit Agreement" shall have the meaning specified in the recitals to the Aircraft Security Agreement.

"Department of Transportation" shall mean the United States Department of Transportation and any agency or instrumentality of the United States government succeeding to its functions.

"Designated Banking Product Agreement" shall have the meaning provided in the Credit Agreement.

"Designated Hedging Agreement" shall have the meaning provided in the Credit Agreement.

"Discharge of Additional Obligations" shall have the meaning specified in the Intercreditor Agreement.

"Disposition" shall have the meaning specified in the Credit Agreement.

"Dollars" and "$"shall mean the lawful currency of the United States.

"EASA" shall mean the European Aviation Safety Agency of the European Union and any successor agency.

"Election Notice" shall have the meaning specified in Section 6.04(a) of the Aircraft Security Agreement.

"Engine" shall mean, with respect to any Aircraft, (a) each of the two engines listed by manufacturer's serial number and further described in **Annex A** to the applicable Aircraft Security Agreement Supplement originally executed and delivered under the Aircraft Security Agreement, whether or not from time to time installed on the related Airframe or installed on any other airframe or on any other aircraft, and (b) any Replacement Engine that may from time to time be substituted for an Engine pursuant to Section 6.03 or 6.04 of the Aircraft Security Agreement or any engines subjected to the Lien of the Aircraft Security Agreement in connection with an Additional Aircraft that has been subjected to the Lien of the Aircraft Security Agreement pursuant to Section 7.03 of the Aircraft Security Agreement; together in each case with any and all related Parts, but excluding items installed or incorporated in or attached to any such engine from time to time that are excluded from the definition of Parts. At such time as a Replacement Engine shall be so substituted and the Engine for which substitution is made shall be released from the Lien of the Aircraft Security Agreement, such replaced Engine shall cease to be an Engine under the Aircraft Security Agreement. The term "Engine" shall not include any Engine after the Lien of the Aircraft Security Agreement shall have been terminated with respect thereto.

"Event of Default" shall have the meaning specified in the Credit Agreement.

"Event of Loss" shall mean, as of any date of determination, with respect to any Aircraft, Airframe or Engine, any of the following events with respect to such property:

(a) the loss of such property or of the use thereof due to destruction, damage beyond repair or rendition of such property permanently unfit for normal use for any reason whatsoever;

(b) any damage to such property which results in an insurance settlement with respect to such property on the basis of a total loss, a compromised total loss or a constructive total loss;

(c) the theft, hijacking or disappearance of such property for a period in excess of 180 consecutive days;

(d) the requisition for use of such property by any government (other than a requisition for use by a Government or the government of the country of registry of the Aircraft) that shall have resulted in the loss of possession of such property by the Grantor (or any Permitted Lessee) for a period in excess of 12 consecutive months;

(e) any Compulsory Acquisition;

(f) as a result of any law, rule, regulation, order or other action by the FAA or other government of the country of registry, the use of such Aircraft or Airframe in the normal business of air transportation shall have been prohibited by virtue of a condition affecting all aircraft of the same type for a period of 18 consecutive months, unless the Grantor shall be diligently carrying forward all steps that are necessary or desirable to permit the normal use of such Aircraft or Airframe or, in any event, if such use shall have been prohibited for a period of three consecutive years; and

(g) with respect to any such Engine only, any divestiture of title to or interest in such Engine or any event with respect to such Engine that is deemed to be an Event of Loss with respect to such Engine pursuant to Section 6.01(a)(vii) or Section 6.04(d) of the Aircraft Security Agreement.

An Event of Loss with respect to an Aircraft shall be deemed to have occurred if an Event of Loss occurs with respect to the related Airframe unless the Grantor elects to substitute a Replacement Airframe pursuant to Section 6.04(a) of the Aircraft Security Agreement.

"FAA" shall mean the United States Federal Aviation Administration and any agency or instrumentality of the United States government succeeding to its functions.

"Government" shall mean the government of any of Canada, France, Germany, Japan, The Netherlands, Sweden, Switzerland, the United Kingdom or the United States and any instrumentality or agency thereof.

"Grantor" shall have the meaning specified in the preamble to the Aircraft Security Agreement

"Hedging Provider" shall mean any Person that has entered into a Designated Hedging Agreement with Parent or the Grantor.

"Indebtedness" shall have the meaning specified in the Credit Agreement.

"Intercreditor Agreement" shall have the meaning specified in the Credit Agreement.

"International Interest" shall have the meaning ascribed to the defined term "international interest" under the Cape Town Treaty.

"International Registry" shall mean the international registry established pursuant to the Cape Town Treaty.

"JAA" shall mean the Joint Aviation Authorities and any successor authority.

"Lease" shall mean any lease permitted by the terms of Section 6.01(a) of the Aircraft Security Agreement.

"Lender" shall have the meaning specified in the recitals of the Credit Agreement.

"Letters of Credit" shall have the meaning specified in the Credit Agreement.

"Lien" shall have the meaning specified in the Credit Agreement.

"Loan Documents" shall have the meaning specified in the Credit Agreement.

"Non-Lender Secured Parties" shall mean, collectively, all Banking Product Providers and Hedging Providers and their respective successors, assigns and transferees. For the avoidance of doubt, "Non-Lender Secured Parties" shall exclude Banking Product Providers and Hedging Providers in their capacities as Lenders, if applicable.

"Obligations" shall have the meaning specified in the Credit Agreement. For the avoidance of doubt, "Obligations" does not include any Indebtedness or other obligations under any Pari Passu Notes (as defined in the Credit Agreement).

"Officer's Certificate" shall have the meaning specified in the Credit Agreement.

"Other Intercreditor Agreement" shall have the meaning specified in the Credit Agreement.

"Parent" shall have the meaning specified in the recitals to the Aircraft Security Agreement.

"Parts" shall mean, with respect to any Aircraft or the related Airframe or any related Engine, as applicable, any and all appliances, parts, instruments, appurtenances, accessories, furnishings and other equipment of whatever nature (other than (a) any such complete Engines or engines, (b) any items leased by the Grantor or any Permitted Lessee, (c) cargo containers and (d) components or systems installed on or affixed to

such Airframe that are used to provide individual telecommunications or electronic entertainment to passengers aboard such Aircraft) so long as the same shall be incorporated or installed in or attached to such Airframe or such Engine or so long as the same shall be subject to the Lien of the Aircraft Security Agreement in accordance with the terms of Section 6.03 thereof after removal from such Airframe or such Engine.

"Permitted Disposition" shall have the meaning specified in the Credit Agreement.

"Permitted Lessee" shall mean any Person to whom the Grantor is permitted to lease any Airframe or any Engine pursuant to Section 6.01(a) of the Aircraft Security Agreement.

"Permitted Liens" shall have the meaning specified in the Credit Agreement.

"Person" shall have the meaning specified in the Credit Agreement.

"Prospective International Interest" shall have the meaning ascribed to the defined term "prospective international interest" under the Cape Town Treaty.

"Qualified Replacement Assets" shall have the meaning specified in the Credit Agreement.

"Replacement Aircraft" shall mean an Aircraft of which a Replacement Airframe is part.

"Replacement Airframe" shall mean, with respect to any Aircraft to be replaced pursuant to Section 6.04(a) of the Aircraft Security Agreement, an aircraft of the same make and model as such Aircraft or a comparable or improved model of the manufacturer of such Aircraft (except (a) Engines or engines from time to time installed thereon and any and all Parts related to such Engine or engines and (b) items installed or incorporated in or attached to such airframe from time to time that are excluded from the definition of Parts by clauses (b), (c) and (d) thereof), that shall have been made subject to the Lien of the Aircraft Security Agreement pursuant to Section 6.04 thereof, together with all Parts relating to such aircraft.

"Replacement Engine" shall mean, with respect to any Engine to be replaced pursuant to Section 6.03(d), Section 6.04(a) or Section 6.04(b) of the Aircraft Security Agreement, an engine of the same make and model as such Engine (or an engine of the same or another manufacturer of a comparable or an improved model and suitable for installation and use on the related Airframe with the other related Engine (or any other Replacement Engine being substituted simultaneously therewith)) that shall have been made subject to the Lien of the Aircraft Security Agreement pursuant to Section 6.03 or Section 6.04 thereof, together with all Parts relating to such engine, but excluding items installed or incorporated in or attached to any such engine from time to time that are excluded from the definition of Parts.

"Responsible Officer" shall have the meaning specified in the Credit Agreement.

"Secured Parties" shall have the meaning specified in the Credit Agreement.

"Senior Priority Obligations" shall have the meaning specified in the Intercreditor Agreement.

"Senior Priority Representative" shall have the meaning specified in the Intercreditor Agreement.

"Subsidiary" shall have the meaning specified in the Credit Agreement.

"Substitution Date" shall have the meaning specified in Section 6.04(a) of the Aircraft Security Agreement.

"Taxes" shall have the meaning specified in the Credit Agreement.

"Transportation Code" shall mean that portion of Title 49 of the United States Code comprising those provisions formerly referred to as the Federal Aviation Act of 1958, as amended, or any subsequent legislation that amends, supplements or supersedes such provisions.

"Trustee" shall have the meaning specified in the preamble to the Aircraft Security Agreement.

"UCC" shall mean the Uniform Commercial Code as in effect in any applicable jurisdiction.

"United States" shall mean the United States of America.

"Warranty Rights" shall mean, with respect to any Aircraft, the rights of the Grantor under any warranty or indemnity, express or implied, regarding title, materials, workmanship, design and patent infringement, or related matters in respect of such Aircraft, in each case to the extent that: (a) such rights relate to such Aircraft (and not to any other properties or assets), (b) such rights are assignable at no additional expense to the Grantor, and (c) such assignment does not require the consent of any Person and does not violate any contract or agreement binding upon the Grantor relating to such rights.

[Form of]

SPARE ENGINE SECURITY AGREEMENT

Dated as of [•], 20[•]

between

[NAME OF GRANTOR]

and

CITIBANK, N.A.,
not in its individual capacity, except as expressly stated herein, but solely as Trustee

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SPARE ENGINE SECURITY AGREEMENT

SPARE ENGINE SECURITY AGREEMENT, dated as of [•], 20[•] (as amended, modified or supplemented from time to time, the "Spare Engine Security Agreement"), between [NAME OF GRANTOR], a [Delaware corporation][1] (together with its permitted successors and assigns, the "Grantor") and CITIBANK, N.A., as security trustee (together with its successors and permitted assigns, the "Trustee"), for its benefit and the benefit of the other Secured Parties. Except as otherwise defined herein, terms used herein and defined in the Credit Agreement (as defined below) shall be used herein as therein defined.

W I T N E S S E T H:

WHEREAS, [the Grantor] [American Airlines, Inc. ("American")][2] and the Collateral Agent are parties to that certain Credit and Guaranty Agreement, dated as of December 15, 2016 (as may be amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), by and among [the Grantor] [American][3], American Airlines Group Inc. ("Parent"), as guarantor party thereto, the other guarantors from time to time party thereto, the lenders from time to time party thereto (collectively, the "Lenders"), the Collateral Agent, and the Administrative Agent;

WHEREAS, the Grantor has agreed to grant a continuing Lien on the Spare Engine Collateral (as defined below) to the Trustee for the benefit of the Secured Parties to secure the Obligations; and

WHEREAS, the Collateral Agent and one or more Additional Agents may in the future enter into one or more Intercreditor Agreements and/or Other Intercreditor Agreements;

GRANTING CLAUSE

NOW, THEREFORE, to secure all of the Obligations, and in consideration of the premises, the mutual agreements set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Grantor hereby pledges, grants and creates a security interest and mortgage in favor of the Trustee for the benefit of the Collateral Agent and for the benefit of the other Secured Parties in all estate, right, title and interest of the Grantor in, to and under, all and singular, the following described properties, rights, interests and privileges, whether now owned or hereafter acquired and whether real or personal and whether tangible or intangible (the "Spare Engine Collateral"):

1 Revise bracketed phrase as necessary for the applicable Grantor.
2 Use second alternative if American is not the Grantor
3 Use second alternative if American is not the Grantor

(1) each Spare Engine, whether or not any such Spare Engine may from time to time be installed on any airframe or any aircraft, and any and all Parts relating thereto, and, to the extent provided herein, all substitutions and replacements of, and additions, improvements, accessions and accumulations to, each such Spare Engine and any and all Parts (in each case other than any substitutions, replacements, additions, improvements, accessions and accumulations that constitute items excluded from the definition of Parts by clauses (b), (c) and (d) thereof) relating thereto (each such Spare Engine as more particularly described on Schedule I hereto as such Schedule may be amended or modified in the applicable Spare Engine Security Agreement Supplement executed and delivered with respect to the applicable Spare Engine on the applicable Spare Engine Closing Date for such Spare Engine or with respect to any substitutions or replacements therefor), and together with all records, logs, manuals, maintenance data and inspection, modification and overhaul records at any time required to be maintained with respect to such Spare Engine in accordance with the rules and regulations of the FAA;

(2) the Warranty Rights relating to each Spare Engine, together with all rights, powers, privileges, options and other benefits of the Grantor under the same;

(3) all rents, revenues and other proceeds collected by the Trustee pursuant to Section 4.01(a), all moneys and securities from time to time paid or deposited or required to be paid or deposited to or with the Trustee by or for the account of the Grantor pursuant to any term of this Spare Engine Security Agreement and held or required to be held by the Trustee hereunder; and

(4) all proceeds of the foregoing;

PROVIDED, HOWEVER, that notwithstanding any of the foregoing provisions, so long as no Event of Default shall have occurred and be continuing, the Grantor shall have the right, to the exclusion of the Trustee, (i) to quiet enjoyment of each Spare Engine and Part, and to possess, use, retain and control each Spare Engine and Part and all revenues, income and profits derived therefrom and (ii) with respect to any Warranty Rights relating to any Spare Engine, to exercise in the Grantor's name all rights and powers of the Grantor with respect to such Warranty Rights and to retain any recovery or benefit resulting from the enforcement of any warranty or indemnity or other obligation under such Warranty Rights; provided, further, that notwithstanding the occurrence and continuation of an Event of Default, the Trustee shall not enter into any amendment or modification of any engine purchase or other agreement relating to the Warranty Rights that would alter the rights, benefits or obligations of the Grantor thereunder;

TO HAVE AND TO HOLD all and singular the aforesaid property unto the Trustee, and its successors and permitted assigns, in trust for its benefit and the benefit of the other Secured Parties, except as otherwise provided in this Spare Engine Security Agreement, and for the uses and purposes and in all cases and as to all property specified in paragraphs (1) through (4) inclusive above, subject to the terms and provisions set forth in this Spare Engine Security Agreement.

It is expressly agreed that notwithstanding anything herein to the contrary, the Grantor shall remain liable under each engine purchase or other agreement in respect of any Warranty Rights to perform all of its obligations thereunder, and, except to the extent expressly provided in this Spare Engine Security Agreement, the Trustee shall not be required or obligated in any manner to perform or fulfill any obligations of the Grantor under or pursuant to this Spare Engine Security Agreement, or to have any obligation or liability under any engine purchase or other agreement in respect of any Warranty Rights by reason of or arising out of the assignment hereunder, or to make any inquiry as to the nature or sufficiency of any payment received by it, or present or file any claim or take any action to collect or enforce the payment of any amount that may have been assigned to it or to which it may be entitled at any time or times.

Notwithstanding anything herein to the contrary (but without in any way releasing the Grantor from any of its duties or obligations under any engine purchase or other agreement in respect of Warranty Rights), the Trustee confirms for the benefit of each manufacturer of any Spare Engine that in exercising any rights under the Warranty Rights relating to such Spare Engine, or in making any claim with respect to any such Spare Engine or other goods and services delivered or to be delivered pursuant to the related engine purchase or other agreement for such Spare Engine, the terms and conditions of such engine purchase or other agreement relating to such Warranty Rights, including, without limitation, any warranty disclaimer provisions for the benefit of such manufacturer, shall apply to and be binding upon the Trustee to the same extent as the Grantor. Subject to any Intercreditor Agreement and any Other Intercreditor Agreement, the Grantor hereby directs each manufacturer of any Spare Engine, so long as an Event of Default shall have occurred and be continuing, to pay all amounts, if any, payable to the Grantor pursuant to the Warranty Rights relating to such Spare Engine directly to the Trustee to be held and applied as provided herein. Nothing contained herein shall subject any manufacturer of any Spare Engine to any liability to which it would not otherwise be subject under any engine purchase or other agreement relating thereto or modify in any respect the contract rights of such manufacturer thereunder.

Notwithstanding anything herein to the contrary, it is the understanding of the parties hereto that the Liens granted pursuant to this Spare Engine Security Agreement shall, prior to the Discharge of Additional Obligations that are Senior Priority Obligations, be pari passu and equal in priority to the Liens granted to any Additional Agent for the benefit of the holders of the applicable Additional Obligations that are Senior Priority Obligations to secure such Additional Obligations that are Senior Priority Obligations pursuant to the applicable Additional Collateral Documents (except as may

be separately otherwise agreed between the Trustee, on behalf of itself and the Secured Parties, and any Additional Agent, on behalf of itself and the Additional Credit Facility Secured Parties represented thereby). The Trustee acknowledges and agrees that the relative priority of the Liens granted to the Trustee, the Collateral Agent, the Administrative Agent and any Additional Agent shall be determined solely (as between the parties to such Intercreditor Agreement or Other Intercreditor Agreement and except as otherwise provided therein) pursuant to the applicable Intercreditor Agreements and Other Intercreditor Agreements, and not by priority as a matter of law or otherwise. Notwithstanding anything herein to the contrary, the Liens granted to the Trustee pursuant to this Spare Engine Security Agreement and the exercise of any right or remedy by the Trustee hereunder are subject to the provisions of the applicable Intercreditor Agreements and Other Intercreditor Agreements. In the event of any conflict between the terms of any Intercreditor Agreement or any Other Intercreditor Agreement and this Spare Engine Security Agreement, the terms of such Intercreditor Agreement or Other Intercreditor Agreement, as applicable, shall govern and control as among (i) the Trustee, the Collateral Agent and any Additional Agent, in the case of the Intercreditor Agreement, and (ii) the Trustee, the Collateral Agent and any other secured creditor (or agent therefor) party thereto, in the case of any Other Intercreditor Agreement. In the event of any such conflict, the Grantor may act (or omit to act) in accordance with such Intercreditor Agreement or such Other Intercreditor Agreement, as applicable, and shall not be in breach, violation or default of its obligations hereunder by reason of doing so. Notwithstanding any other provision hereof, for so long as any Additional Obligations that are Senior Priority Obligations remain outstanding, any obligation hereunder to deliver, transfer or assign to the Collateral Agent any Collateral shall be satisfied by causing such Collateral to be delivered, transferred or assigned to the applicable Senior Priority Representative to be held in accordance with the Intercreditor Agreement.

Subject to the terms and conditions hereof, the Grantor does hereby irrevocably constitute the Trustee, on behalf of the Collateral Agent and the other Secured Parties, the true and lawful attorney of the Grantor (which appointment is coupled with an interest) with full power (in the name of the Grantor or otherwise) to ask for, require, demand and receive any and all monies and claims for monies (in each case including insurance and requisition proceeds) due and to become due to the Grantor under or arising out of any engine purchase or other agreement (to the extent assigned hereby as part of the Warranty Rights), and all other property which now or hereafter constitutes part of the Spare Engine Collateral, to endorse any checks or other instruments or orders in connection therewith and to file any claims or to take any action or to institute any proceedings which the Trustee may deem to be necessary or advisable in the premises; provided that the Trustee shall not exercise any such rights except (i) as permitted by each applicable Intercreditor Agreement and Other Intercreditor Agreement and (ii) during the continuance of an Event of Default.

The Grantor does hereby warrant and represent that it has not sold, assigned or pledged, and hereby covenants and agrees that it will not sell, assign or pledge, so long as this Spare Engine Security Agreement shall remain in effect and the Lien hereof shall not have been released pursuant to the provisions hereof, any of its estate, right, title or interest hereby assigned, to any Person other than the Trustee, except as otherwise provided in or permitted by the Credit Agreement, any Intercreditor Agreement and any Other Intercreditor Agreement.

The Grantor agrees that at any time and from time to time, upon the written request of the Trustee, the Grantor shall promptly and duly execute and deliver or cause to be duly executed and delivered any and all such further instruments and documents as the Trustee may reasonably deem necessary to perfect, preserve or protect the mortgage, security interests and assignments created or intended to be created hereby or to obtain for the Trustee the full benefit of the assignment hereunder and of the rights and powers herein granted; provided that any instrument or other document so executed by the Grantor will not expand any obligations or limit any rights of the Grantor in respect of the transactions contemplated by this Spare Engine Security Agreement.

IT IS HEREBY COVENANTED AND AGREED by and between the parties hereto as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions and Rules of Interpretation. For all purposes of this Spare Engine Security Agreement, unless the context otherwise requires, capitalized terms used but not defined herein have the respective meanings set forth in Appendix A hereto, or if not defined in Appendix A, the meanings set forth in the Credit Agreement. The parties to this Spare Engine Security Agreement agree that the rules of interpretation set out in Section 1.02 of the Credit Agreement shall apply to this Spare Engine Security Agreement *mutatis mutandis* as if set out in this Spare Engine Security Agreement.

ARTICLE II

REPRESENTATIONS AND WARRANTIES, ETC.

Section 2.01. Representations and Warranties of the Grantor. As of the date hereof, with respect to each Spare Engine subjected to the Lien of this Spare Engine Security Agreement on such date, the Grantor represents and warrants that:

(a) Organization; Authority; Qualification. The Grantor is a [corporation] duly [incorporated] and validly existing in good standing under the laws of [the State of Delaware][4], is a Certificated Air Carrier, is a Citizen of the United States, has the corporate power and authority to own or hold under lease its properties and to enter into and perform its obligations under this Spare Engine Security Agreement and any Spare Engine Security Agreement Supplement describing such Spare Engine and is duly qualified to do business as a foreign corporation in good standing in each other jurisdiction in which the failure to so qualify would have a material adverse effect on the consolidated financial condition of American Airlines Group Inc. and its subsidiaries, considered as a whole, and its jurisdiction of organization (as such term is used in Article 9 of the Uniform Commercial Code as in effect in the state of [Delaware]) is [Delaware].

(b) [Corporate] Action and Authorization; No Violations. The execution, delivery and performance by the Grantor of this Spare Engine Security Agreement and any Spare Engine Security Agreement Supplement describing such Spare Engine have been duly authorized by all necessary [corporate] action on the part of the Grantor, do not require any [stockholder] approval or approval or consent of any trustee or holder of any indebtedness or obligations of the Grantor, except such [[stockholder] approval or approval or consent] as have been duly obtained and are in full force and effect, and do not contravene any law, governmental rule, regulation, judgment or order binding on the Grantor or the [certificate of incorporation or by-laws] of the Grantor or contravene or result in a breach of, or constitute a default under, or result in the creation of any Lien (other than as permitted under this Spare Engine Security Agreement, the Credit Agreement, any Intercreditor Agreement or Other Intercreditor Agreement) upon the property of the Grantor under, any material indenture, mortgage, contract or other agreement to which the Grantor is a party or by which it or any of its properties may be bound or affected.

(c) Governmental Approvals. Neither the execution and delivery by the Grantor of this Spare Engine Security Agreement or any Spare Engine Security Agreement Supplement describing such Spare Engine, nor the consummation by the Grantor of any of the transactions contemplated hereby or thereby, requires the authorization, consent or approval of, the giving of notice to, the filing or registration with or the taking of any other action in respect of, the Department of Transportation, the FAA or any other federal or state governmental authority or agency, or the International Registry, except for (i) the orders, permits, waivers, exemptions, authorizations and approvals of the regulatory authorities having jurisdiction over the Grantor's ownership or use of such Spare

4 Revise bracketed phrases in Section 2.01 as necessary for applicable Grantor.

Engine required to be obtained on or prior to such date, which orders, permits, waivers, exemptions, authorizations and approvals have been duly obtained and are, or on such date will be, in full force and effect, (ii) the filings referred to in Section 2.01(e), (iii) authorizations, consents, approvals, notices and filings required to be obtained, taken, given or made under securities or Blue Sky or similar laws of the various states and foreign jurisdictions, and (iv) consents, approvals, notices, registrations and other actions required to be obtained, given, made or taken only after such date.

(d) Valid and Binding Agreements. This Spare Engine Security Agreement and any Spare Engine Security Agreement Supplement describing such Spare Engine have been duly executed and delivered by the Grantor and constitute the legal, valid and binding obligations of the Grantor enforceable against the Grantor in accordance with their terms, except as the same may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the rights of creditors generally and by general principles of equity and except as limited by applicable laws that may affect the remedies provided in this Spare Engine Security Agreement, which laws, however, do not make the remedies provided in this Spare Engine Security Agreement inadequate for the practical realization of the rights and benefits intended to be provided thereby.

(e) Filings and Recordation. Except for (i) the filing for recordation pursuant to the Transportation Code of this Spare Engine Security Agreement (with any Spare Engine Security Agreement Supplement describing such Spare Engine attached), (ii) with respect to the security interests created by this Spare Engine Security Agreement and any Spare Engine Security Agreement Supplement describing such Spare Engine, the filing of financing statements (and continuation statements at periodic intervals) under the Uniform Commercial Code of [the State of Delaware] and (iii) the registration on the International Registry of the International Interests (or Prospective International Interests) created under this Spare Engine Security Agreement (as supplemented by any Spare Engine Security Supplement describing such Spare Engine), no further filing or recording of any document is necessary or advisable under the laws of the United States or any state thereof as of such date in order to establish and perfect the security interest in such Spare Engine created under this Spare Engine Security Agreement in favor of the Trustee as against the Grantor and any third parties in any applicable jurisdiction in the United States.

(f) Title. The Grantor has good title to such Spare Engine, free and clear of Liens other than Permitted Liens. This Spare Engine Security Agreement (with any Spare Engine Security Agreement Supplement describing such Spare Engine attached) has been duly filed for recordation (or shall be in the process of being so duly filed for recordation) with the FAA pursuant to the Transportation Code.

(g) Security Interest. Subject to any Intercreditor Agreement and any Other Intercreditor Agreement, this Spare Engine Security Agreement creates in favor of the Trustee, for its benefit and the benefit of the other Secured Parties, a valid and perfected Lien on such Spare Engine, subject to no Lien, except Permitted Liens. There are no Liens of record with the FAA on such Spare Engine on the date hereof other than the Lien of this Spare Engine Security Agreement and any Permitted Liens. Other than (x) the International Interests (or Prospective International Interests) created under this Spare Engine Security Agreement (as supplemented by any Spare Engine Security Agreement Supplement describing such Spare Engine), (y) any International Interests (or Prospective International Interests) that appear on the International Registry as having been discharged and (z) any Permitted Liens, no International Interests with respect to such Spare Engine have been registered on the International Registry as of the date hereof.

ARTICLE III

CERTAIN PAYMENTS

Section 3.01. Payments After Event of Default.

(a) Any cash held by the Trustee as Spare Engine Collateral and all cash proceeds received by the Trustee in respect of any sale of, collection from, or other realization upon all or any part of the Spare Engine Collateral pursuant to the exercise by the Trustee of its remedies as a secured creditor as provided in Section 4.01 of this Spare Engine Security Agreement shall, subject to any Intercreditor Agreement and any Other Intercreditor Agreement, be applied from time to time by the Trustee in accordance with the terms of the Credit Agreement.

(b) It is understood that, to the extent permitted by applicable law, the Grantor shall remain liable to the extent of any deficiency between the amount of the proceeds of the Spare Engine Collateral and the aggregate amount of the outstanding Obligations.

ARTICLE IV

REMEDIES OF TRUSTEE

Section 4.01. Remedies.

(a) General. If an Event of Default shall have occurred and be continuing and so long as the same shall continue unremedied, then and in every such case the Trustee may do one or more of the following to the extent permitted by, and subject to compliance with the requirements of, (i) any Intercreditor Agreement and any Other Intercreditor Agreement and (ii) applicable law then in effect (provided that during any period any Spare Engine is subject to the CRAF Program and is in possession of or being operated under the direction of the United States government or an agency or instrumentality of the United States, the Trustee shall not, on account of any Event of Default, be entitled to exercise or pursue any of the powers, rights or remedies described in this Section 4.01 in such manner as to limit the Grantor's control under this Spare Engine Security Agreement (or any Permitted Lessee's control under any Lease) of such Spare Engine, unless at least 60 days' (or such lesser period as may then be applicable under the CRAF Program of the United States government) prior written notice of default hereunder shall have been given by the Trustee by registered or certified mail to the Grantor (and any such Permitted Lessee) with a copy addressed to the Contracting Office Representative or other appropriate person for the Air Mobility Command of the United States Air Force under any contract with the Grantor or such Permitted Lessee relating to the applicable Spare Engine):

(i) cause the Grantor, upon the written demand of the Trustee, at the Grantor's expense, to deliver promptly, and the Grantor shall deliver promptly, all or such part of any Spare Engine as the Trustee may so demand to the Trustee or its order, or, if the Grantor shall have failed to so deliver any such Spare Engine after such demand, the Trustee, at its option, may enter upon the premises where all or any part of any such Spare Engine are located and take immediate possession, subject to all of the rights of the owner, lessor, lienor or secured party of any related airframe on which any Spare Engine may be installed;

(ii) sell all or any part of any Spare Engine at public or private sale, whether or not the Trustee shall at the time have possession thereof, as the Trustee may determine, or otherwise dispose of, hold, use, operate, lease to others (including the Grantor) or keep idle all or any part of any such Airframe or any such Spare Engine as the Trustee, in its sole discretion, determines, all free and clear of any rights or claims of the Grantor, and, subject to any Intercreditor Agreement and any Other Intercreditor Agreement, the proceeds of such sale or disposition shall be distributed as set forth in the Credit Agreement; or

(iii) exercise any other remedy of a secured party under the Uniform Commercial Code of the State of New York (whether or not in effect in the jurisdiction in which enforcement is sought);

provided that, notwithstanding anything to the contrary set forth herein or in any other Loan Document, (i) as permitted by Article 15 of the Cape Town Convention, the provisions of Chapter III of the Cape Town Convention are hereby excluded and made inapplicable to this Spare Engine Security Agreement and the other Loan

Documents, except for those provisions of such Chapter III that cannot be derogated from; and (ii) as permitted by Article IV(3) of the Aircraft Protocol, the provisions of Chapter II of the Aircraft Protocol are hereby excluded and made inapplicable to this Spare Engine Security Agreement and the other Loan Documents, except for (x) Article XVI of the Aircraft Protocol and (y) those provisions of such Chapter II that cannot be derogated from. In furtherance of the foregoing, the parties hereto agree that the exercise of remedies hereunder and under the other Loan Documents is subject to other applicable law, including without limitation, the Uniform Commercial Code (as in effect in the State of New York) and the Bankruptcy Code, and that nothing herein derogates from the rights of the Grantor or the Trustee under or pursuant to such other applicable law, including without limitation, the Uniform Commercial Code (as in effect in the State of New York) or the Bankruptcy Code.

Upon every such taking of possession of any of the Spare Engine Collateral under this Section 4.01, the Trustee may, from time to time, at the expense of the Spare Engine Collateral, make all such expenditures for maintenance, insurance, repairs, alterations, additions and improvements to and of the Spare Engine Collateral as it deems necessary to cause the Spare Engine Collateral to be in such condition as required by the provisions of this Spare Engine Security Agreement. In each such case, subject to any Intercreditor Agreement and any Other Intercreditor Agreement, the Trustee may maintain, use, operate, store, insure, lease, control, manage or dispose of the Spare Engine Collateral and may exercise all rights and powers of the Grantor relating to the Spare Engine Collateral as the Trustee reasonably deems best, including the right to enter into any and all such agreements with respect to the maintenance, use, operation, storage, insurance, leasing, control, management or disposition of the Spare Engine Collateral or any part thereof as the Trustee may reasonably determine; and the Trustee shall be entitled to collect and receive directly all tolls, rents, revenues, issues, income, products and profits of the Spare Engine Collateral and every part thereof, without prejudice, however, to the rights of the Trustee under any provision of this Spare Engine Security Agreement to collect and receive all cash held by, or required to be deposited with, the Trustee hereunder. Subject to any Intercreditor Agreement and any Other Intercreditor Agreement, such tolls, rents, revenues, issues, income, products and profits shall be applied to pay the expenses of the use, operation, storage, insurance, leasing, control, management or disposition of the Spare Engine Collateral, and of all maintenance, repairs, replacements, alterations, additions and improvements, and to make all payments that the Trustee is required or elects to make, if any, for Taxes, insurance or other proper charges assessed against or otherwise imposed upon the Spare Engine Collateral or any part thereof, and all other payments which the Trustee is required or expressly authorized to make under any provision of this Spare Engine Security Agreement, as well as just and reasonable compensation for the services of the Trustee, and shall otherwise be distributed as set forth in the Credit Agreement.

Subject to any Intercreditor Agreement and any Other Intercreditor Agreement, if an Event of Default shall have occurred and be continuing and the Trustee shall be entitled to exercise rights hereunder, at the request of the Trustee, the Grantor shall promptly execute and deliver to the Trustee such instruments of title and other documents as the Trustee reasonably deems necessary or advisable to enable the Trustee or a sub-agent or representative designated by the Trustee, at such time or times and place or places as the Trustee may specify, to obtain possession of all or any part of the Spare Engine Collateral to which the Trustee shall at the time be entitled hereunder. If the Grantor shall for any reason fail to execute and deliver such instruments and documents after such request by the Trustee, subject to any Intercreditor Agreement and any Other Intercreditor Agreement, the Trustee may seek a judgment conferring on the Trustee the right to immediate possession and requiring the Grantor to execute and deliver such instruments and documents to the Trustee, to the entry of which judgment the Grantor hereby specifically consents to the fullest extent it may lawfully do so. All actual and reasonable expenses of obtaining such judgment or of pursuing, searching for and taking such property shall, until paid, be secured by the Lien of this Spare Engine Security Agreement.

(b) Notice of Sale; Bids; Etc. The Trustee shall give the Grantor at least 30 days' prior written notice of any public sale or of the date on or after which any private sale will be held, which notice the Grantor hereby agrees to the extent permitted by applicable law is reasonable notice. The Trustee or any other Secured Party shall be entitled to bid for and become the purchaser of any Spare Engine Collateral offered for sale pursuant to this Section 4.01 and to credit against the purchase price bid at such sale by such Secured Parties all or any part of the Obligations owed to such Person. The Trustee may exercise such right without possession or production of the instruments evidencing Obligations or proof of ownership thereof, and as a representative of the Secured Parties may exercise such right without notice to the Secured Parties as party to any suit or proceeding relating to the foreclosure of any Spare Engine Collateral. The Grantor shall also be entitled to bid for and become the purchaser of any Spare Engine Collateral offered for sale pursuant to this Section 4.01.

(c) Power of Attorney, Etc. To the extent permitted by applicable law and subject to any Intercreditor Agreement and any Other Intercreditor Agreement, the Grantor irrevocably appoints, while an Event of Default has occurred and is continuing, the Trustee, on behalf of the Collateral Agent and the other Secured Parties, the true and lawful attorney-in-fact of the Grantor (which appointment is coupled with an interest) in its name and stead and on its behalf, for the purpose of effectuating any sale, assignment, transfer or delivery for the enforcement of the Lien of this Spare Engine Security Agreement, whether pursuant to foreclosure or power of sale, or otherwise, to execute and deliver all such bills of sale, assignments and other instruments as may be necessary or appropriate, with full power of substitution, the Grantor hereby ratifying and confirming all that such attorney or any substitute shall do by virtue hereof in accordance

with applicable law; provided that if so requested by the Trustee or any purchaser, the Grantor shall ratify and confirm any such sale, assignment, transfer or delivery, by executing and delivering to the Trustee or such purchaser all bills of sale, assignments, releases and other proper instruments to effect such ratification and confirmation as may reasonably be designated in any such request.

Section 4.02. Remedies Cumulative. To the extent permitted under applicable law, each and every right, power and remedy specifically given to the Trustee herein or otherwise in this Spare Engine Security Agreement shall be cumulative and shall be in addition to every other right, power and remedy specifically given herein or now or hereafter existing at law, in equity or by statute, and each and every right, power and remedy whether specifically given herein or otherwise existing may be exercised from time to time and as often and in such order as may be deemed expedient by the Trustee, and the exercise or the beginning of the exercise of any power or remedy shall not be construed to be a waiver of the right to exercise at the same time or thereafter any other right, power or remedy. No delay or omission by the Trustee in the exercise of any right, remedy or power or in the pursuance of any remedy shall, to the extent permitted by applicable law, impair any such right, power or remedy or be construed to be a waiver of any default on the part of the Grantor or to be an acquiescence therein.

Section 4.03. Discontinuance of Proceedings. In case the Trustee shall have instituted any proceedings to enforce any right, power or remedy under this Spare Engine Security Agreement by foreclosure, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee, then and in every such case the Grantor and the Trustee shall, subject to any determination in such proceedings, be restored to their former positions and rights hereunder with respect to the Spare Engine Collateral, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been undertaken (but otherwise without prejudice).

ARTICLE V

THE TRUSTEE

Section 5.01. Trustee May Perform. If the Grantor fails to perform any agreement contained herein within a reasonable time after receipt of a written request to do so from the Trustee, upon two Business Days' prior written notice the Trustee may itself perform, or cause performance of, such agreement, and the reasonable expenses of the Trustee, including, without limitation, the reasonable fees and out-of-pocket expenses of its counsel, incurred in connection therewith, shall be payable by the Grantor in accordance with Section 10.04 of the Credit Agreement and shall constitute Obligations.

Section 5.02. The Trustee. It is expressly understood and agreed by the parties hereto, and each Secured Party, by accepting the benefits of this Spare Engine Security Agreement, acknowledges and agrees, that the obligations of the Trustee as holder of the Spare Engine Collateral and interests therein and with respect to the disposition thereof, and otherwise under this Spare Engine Security Agreement, are only those expressly set forth in this Spare Engine Security Agreement and the Credit Agreement.

ARTICLE VI

OPERATING COVENANTS OF THE GRANTOR

The Grantor will comply with the following covenants with respect to each Spare Engine:

Section 6.01. Possession, Operation and Use, Maintenance and Registration.

(a) Possession. The Grantor shall not, without the prior written consent of the Trustee, lease or otherwise in any manner deliver, transfer or relinquish possession of such Spare Engine; provided that, so long as the Grantor shall comply with the provisions of Section 6.05 with respect to such Spare Engine, the Grantor may, without the prior written consent of the Trustee:

(i) subject such Spare Engine to interchange, borrowing or pooling agreements or arrangements, in each case customary in the airline industry and entered into by the Grantor in the ordinary course of its business; provided that if the Grantor's title to any such Spare Engine shall be divested under any such agreement or arrangement, such divestiture shall be deemed to be a Disposition with respect to such Spare Engine;

(ii) deliver possession of such Spare Engine (A) to any Person for testing, service, repair, reconditioning, restoration, storage, maintenance, overhaul work or other similar purposes or for alterations, modifications or additions to such Spare Engine or Part to the extent required or permitted by the terms hereof or (B) to licensed or bonded common carriers qualified in the shipping and transport of such Spare Engine or Part for the purpose of transport to a Person referred to in the preceding clause (A);

(iii) transfer or permit the transfer of possession of such Spare Engine to any Government pursuant to a lease, contract or other instrument;

(iv) subject such Spare Engine to the CRAF Program or transfer possession of such Spare Engine to the United States government in accordance with applicable laws, rulings, regulations or orders (including, without limitation, any transfer of possession pursuant to the CRAF Program); provided, that the

Grantor (A) shall promptly notify the Trustee upon transferring possession of such Spare Engine pursuant to this clause (iv) and (B) in the case of a transfer of possession pursuant to the CRAF Program, shall notify the Trustee of the name and address of the responsible Contracting Office Representative for the Air Mobility Command of the United States Air Force or other appropriate Person to whom notices must be given and to whom requests or claims must be made to the extent applicable under the CRAF Program;

(v) install any such Spare Engine on an airframe owned by the Grantor (or any Permitted Lessee) free and clear of all Liens, except (A) Permitted Liens and Liens that apply only to the engines (other than Spare Engines), appliances, parts, instruments, appurtenances, accessories, furnishings and other equipment (other than Parts) installed on such airframe (but not to such airframe as an entirety) and (B) the rights of third parties under interchange agreements, borrowing or pooling or similar arrangements that would be permitted under clause (i) above;

(vi) install any such Spare Engine on an airframe leased, purchased or owned by the Grantor (or any Permitted Lessee) subject to a lease, conditional sale and/or other security agreement; provided that (A) such airframe is free and clear of all Liens except (1) the rights of the parties to the lease or any conditional sale or security agreement covering such airframe, or their successors and assigns, and (2) Liens of the type permitted by clause (v) of this Section 6.01(a) and (B) either (1) the Grantor shall have obtained from the lessor, conditional vendor or secured party of such airframe a written agreement (which may be the lease, conditional sale or other security agreement covering such airframe), in form and substance satisfactory to the Trustee (it being understood that an agreement from such lessor, conditional vendor or secured party substantially in the form of the penultimate paragraph of this Section 6.01(a) shall be deemed to be satisfactory to the Trustee), whereby such lessor, conditional vendor or secured party expressly agrees that neither it nor its successors or assigns will acquire or claim any right, title or interest in any such Spare Engine by reason of such Spare Engine being installed on such airframe at any time while such Spare Engine is subject to the Lien of this Spare Engine Security Agreement or (2) such lease, conditional sale or other security agreement provides that any such Spare Engine shall not become subject to the Lien of such lease, conditional sale or other security agreement at any time while such Spare Engine is subject to the Lien of this Spare Engine Security Agreement, notwithstanding the installation thereof on such airframe;

(vii) install any such Spare Engine on an airframe owned by the Grantor (or any Permitted Lessee) or any Affiliate of Grantor, leased to the Grantor (or any Permitted Lessee) or any Affiliate of Grantor or purchased by the Grantor (or any Permitted Lessee) or any Affiliate of Grantor subject to a conditional sale or

other security agreement under circumstances where neither clause (v) nor clause (vi) of this Section 6.01(a) is applicable; provided that such installation shall be deemed a Disposition with respect to such Spare Engine, if such installation shall adversely affect the Trustee's security interest in any such Spare Engine;

(viii) lease any such Spare Engine to the United States government under which the lessee's obligations are guaranteed or supported by the full faith and credit of the United States;

(ix) lease any such Spare Engine to any United States air carrier as to which there is in force a certificate issued pursuant to the Transportation Code (49 U.S.C. §§41101-41112) or successor provision that gives like authority, or to any manufacturer of airframes or engines (or an Affiliate thereof acting under an unconditional guarantee of such manufacturer), so long as such manufacturer and, if applicable, such Affiliate is domiciled in the United States; provided that no Event of Default shall exist at the time any such lease is entered into; and

(x) lease any such Spare Engine to (A) any foreign air carrier other than those set forth in clause (B), (B) any foreign air carrier that is at the inception of the lease based in and a domiciliary of a country listed in **Exhibit B** hereto, (C) any foreign manufacturer of airframes or engines (or a foreign Affiliate of a United States or foreign manufacturer of airframes or engines acting under an unconditional guarantee of such manufacturer), so long as such foreign manufacturer or (if applicable) foreign Affiliate is domiciled in a country indicated with an asterisk on **Exhibit B** hereto, or (D) any foreign air carrier consented to in writing by the Trustee with the consent of the Collateral Agent; provided that (w) in the case of a lease to, or guarantee by, any entity pursuant to this Section 6.01(a)(ix), (1) other than a foreign carrier principally based in Taiwan, the United States maintains diplomatic relations with the country in which such entity is based and domiciled at the time such lease is entered into, (2) no Event of Default exists at the time such lease is entered into and (3) such entity is not then subject to any bankruptcy, insolvency, liquidation, reorganization, dissolution or similar proceeding and shall not have substantially all of its property in the possession of any liquidator, trustee, receiver or similar person, in the case of a lease to a foreign air carrier under clause (A) above, the Trustee receives at the time of such lease an opinion of counsel to the Grantor (such counsel to be reasonably satisfactory to the Trustee) to the effect that there exist no possessory rights in favor of the lessee under the laws of such lessee's country which would, upon bankruptcy or insolvency of or other default by the Grantor and assuming at such time such lessee is not insolvent or bankrupt, prevent the taking of possession of any such Spare Engine by the Trustee in accordance with and when permitted by the terms of Section 4.01 upon the exercise by the Trustee of its remedies under Section 4.01;

provided that the rights of any lessee or other transferee who receives possession of such Spare Engine by reason of a transfer permitted by this Section 6.01(a) (other than the transfer of any such Spare Engine which is deemed an Event of Loss) shall be subject and subordinate to, and any permitted lease shall be made expressly subject and subordinate to, all the terms of this Spare Engine Security Agreement, including the Trustee's rights to repossess pursuant to Section 4.01 and to avoid such lease upon such repossession, and the Grantor shall remain primarily liable hereunder for the performance and observance of all of the terms and conditions of this Spare Engine Security Agreement to the same extent as if such lease or transfer had not occurred, any such lease shall include appropriate provisions for the maintenance and insurance of such Spare Engine. The Grantor shall promptly notify the Trustee of the existence of any such lease with a term in excess of one year.

Each of the Trustee and the Collateral Agent agrees, and each other Secured Party by acceptance of any instrument evidencing Obligations is deemed to have agreed, for the benefit of the Grantor (and any Permitted Lessee) and for the benefit of the lessor, conditional vendor or secured party of such engine leased to the Grantor (or any Permitted Lessee) or leased to or purchased or owned by the Grantor (or any Permitted Lessee) subject to a conditional sale or other security agreement, that the Trustee, the Collateral Agent and the other Secured Parties will not acquire or claim, as against the Grantor (or any Permitted Lessee) or such lessor, conditional vendor or secured party, any right, title or interest in any engine or engines owned by the Grantor (or any Permitted Lessee) or the lessor under such lease or subject to a security interest in favor of the secured party under any conditional sale or other security agreement as the result of such engine or engines being installed on such Airframe at any time while such engine or engines are subject to such lease or conditional sale or other security agreement.

The Trustee acknowledges that any "wet lease" or other similar arrangement under which the Grantor maintains operational control of an airframe on which a Spare Engine is installed shall not constitute a delivery, transfer or relinquishment of possession for purposes of this Section 6.01(a).

(b) Operation and Use. The Grantor agrees that such Spare Engine will not be maintained, used, serviced, repaired, overhauled or operated in violation of any law, rule or regulation of any government of any country having jurisdiction over any airframe on which such Spare Engine is installed or in violation of any airworthiness certificate, license or registration relating to such related airframe issued by any such government, except (1) immaterial or non-recurring violations with respect to which corrective measures are taken promptly by the Grantor (or a Permitted Lessee) upon discovery thereof and (2) to the extent the Grantor is contesting in good faith the validity or application of any such law, rule or regulation or airworthiness certificate, license or registration in any manner that does not involve any material risk of sale, forfeiture or loss of such Spare Engine or impair the Lien of this Spare Engine Security Agreement;

and provided, that the Grantor shall not be in default under, or required to take any action set forth in, this sentence if it is not possible for it to comply with the laws of a jurisdiction other than the United States (or other than any jurisdiction in which any airframe on which such Spare Engine is installed is then registered) because of a conflict with the applicable laws of the United States (or such jurisdiction in which such airframe is then registered). The Grantor will not operate such Spare Engine, or permit such Spare Engine to be operated or located, (i) in any area excluded from coverage by any insurance required by Section 6.05 or (ii) in any war zone or recognized or, in the Grantor's judgment, threatened areas of hostilities unless covered by war risk insurance, to the extent war risk insurance is required pursuant to Section 6.05, unless in the case of either clause (i) or (ii), (x) governmental indemnification in the amount of any insurance that would otherwise be required pursuant to Section 6.05 has been provided or (y) such Spare Engine is only temporarily located in such area as a result of an isolated occurrence or isolated series of occurrences attributable to a hijacking, medical emergency, equipment malfunction, weather conditions, navigational error or other similar unforeseen circumstances and the Grantor is using its good faith efforts to remove such Spare Engine from such area as promptly as practicable.

(c) Maintenance. The Grantor shall maintain, service, repair and overhaul such Spare Engine (or cause the same to be done) so as to keep such Spare Engine in as good operating condition as on the applicable Spare Engine Closing Date for such Spare Engine, ordinary wear and tear excepted. The Grantor shall maintain or cause to be maintained all records, logs and other documents required to be maintained in respect of such Spare Engine by appropriate authorities in the jurisdiction in which any airframe to which such Spare Engine is attached is registered.

(d) Identification of Trustee's Interest. The Grantor agrees to affix as promptly as practicable after the applicable Spare Engine Closing Date for such Spare Engine and thereafter to maintain on each such Spare Engine, a nameplate bearing the inscription "MORTGAGED TO CITIBANK, N.A., AS TRUSTEE" (such nameplate to be replaced, if necessary, with a nameplate reflecting the name of any successor Trustee). If any such nameplate is damaged beyond repair or becomes illegible, the Grantor shall promptly replace it with a nameplate complying with the requirements of this Section.

(e) [Reserved].

Section 6.02. Inspection. At all reasonable times, but upon at least 15 Business Days' prior written notice to the Grantor, the Trustee or its authorized representative may, subject to the other conditions of this Section 6.02, inspect such Spare Engine and may inspect the books and records of the Grantor required to be maintained by the FAA; provided that (i) the Trustee or its representative shall be fully insured at no cost to the Grantor in a manner satisfactory to the Grantor with respect to any risks incurred in connection with any such inspection or shall provide to the Grantor a written release

satisfactory to the Grantor with respect to such risks, (ii) any such inspection shall be subject to the safety, security and workplace rules applicable at the location where such inspection is conducted and any applicable governmental rules or regulations, (iii) any such inspection of such Spare Engine shall be a visual inspection of such Spare Engine and shall not include any disassembly, opening of any components, of any Spare Engine or removal of such Spare Engine without the Grantor's express consent, which consent the Grantor may in its sole discretion withhold, and (iv) no exercise of such inspection right shall interfere with the use, operation or maintenance of such Spare Engine by, or the business of, the Grantor and the Grantor shall not be required to undertake or incur any additional liabilities in connection therewith. All information obtained in connection with any such inspection of such Spare Engine and of such books and records shall be held confidential by the Trustee and each agent or representative thereof and shall not be furnished or disclosed by any of them to anyone other than their respective bank examiners, auditors, accountants, agents and legal counsel, and except as may be required by an order of any court or administrative agency or by any statute, rule, regulation or order of any governmental authority. Any inspection pursuant to this Section 6.02 shall be at the sole risk (including, without limitation, any risk of personal injury or death) and expense of the Trustee (or its representative), as the case may be, making such inspection. Except during the continuance of an Event of Default, all inspections by the Trustee and its representatives provided for under this Section 6.02 shall be limited to one inspection of any kind contemplated by this Section 6.02 for all such Spare Engines during any calendar year.

Section 6.03. Replacement and Pooling of Parts; Alterations, Modifications and Additions; Substitution of Spare Engine.

(a) Replacement of Parts. So long as a Spare Engine is subject to the Lien of this Spare Engine Security Agreement, the Grantor, at its own expense, shall promptly replace all Parts that may from time to time be incorporated or installed in or attached to such Spare Engine and that may from time to time become worn out, lost, stolen, destroyed, seized, confiscated, damaged beyond repair or rendered permanently unfit for use for any reason whatsoever, except as otherwise provided in Section 6.03(c) or if such Spare Engine to which a Part relates has suffered an Event of Loss. In addition, the Grantor, at its own expense, may remove in the ordinary course of maintenance, service, repair, overhaul or testing, any Parts, whether or not worn out, lost, stolen, destroyed, seized, confiscated, damaged beyond repair or rendered permanently unfit for use; provided that the Grantor, except as otherwise provided in Section 6.03(c), at its own expense, will replace such Parts as promptly as practicable. All replacement Parts shall be free and clear of all Liens (except for Permitted Liens and except in the case of replacement property temporarily installed on an emergency basis) and shall have a value and utility at least equal to the Parts replaced, assuming such replaced Parts were in the condition and repair required to be maintained by the terms hereof. Except as otherwise provided in Section 6.03(c), all Parts at any time removed from such Spare Engine shall

remain subject to the Lien of this Spare Engine Security Agreement no matter where located until such time as such Parts shall be replaced by parts that have been incorporated or installed in or attached to such Spare Engine and that meet the requirements for replacement Parts specified above. Immediately upon any replacement Part becoming incorporated or installed in or attached to such Spare Engine as above provided (except in the case of replacement property temporarily installed on an emergency basis), without further act, (i) the replaced Part shall thereupon be free and clear of the Lien of this Spare Engine Security Agreement and of all rights and interests of the Trustee (and the other beneficiaries hereof) and shall no longer be deemed a Part hereunder and (ii) such replacement Part shall become subject to the Lien of this Spare Engine Security Agreement and be deemed a Part of such Spare Engine for all purposes to the same extent as the Parts originally incorporated or installed in or attached to such Spare Engine. Upon request of the Grantor from time to time, the Trustee shall execute and deliver to the Grantor an appropriate instrument confirming the release of any such replaced Part from the Lien of this Spare Engine Security Agreement.

(b) Pooling of Parts. Any Part removed from such Spare Engine as provided in Section 6.03(a) may be subjected by the Grantor or a Person permitted to be in possession of such Spare Engine to a pooling arrangement customary in the airline industry entered into in the ordinary course of the Grantor's or such Person's business; provided that the part replacing such removed Part shall be incorporated or installed in or attached to such Spare Engine in accordance with Section 6.03(a) as promptly as practicable after the removal of such removed Part. In addition, any replacement Part when incorporated or installed in or attached to such Spare Engine may be owned by any third party subject to such a pooling arrangement; provided that the Grantor, at its expense, as promptly thereafter as practicable, either (i) causes title to such replacement Part to vest in the Grantor free and clear of all Liens (except Permitted Liens), or (ii) replaces such replacement Part by incorporating or installing in or attaching to such Spare Engine a further replacement Part in the manner contemplated by Section 6.03(a).

(c) Alterations, Modifications and Additions. The Grantor will make (or cause to be made) such alterations and modifications in and additions to such Spare Engine as may be required from time to time to meet the applicable requirements of the FAA, to the extent mandatory in respect of the Spare Engine; provided that the Grantor may, in good faith, contest the validity or application of any such requirement in any manner that does not involve any material risk of sale, loss or forfeiture of such Spare Engine and does not adversely affect the Trustee's interest in the Spare Engine Collateral. In addition, the Grantor (or any Permitted Lessee), at its own expense, may from time to time add further parts or accessories and make or cause to be made such alterations and modifications in and additions to such Spare Engine as the Grantor may deem desirable in the proper conduct of its business, including, without limitation, removal (without replacement) of Parts, provided that no such alteration, modification or addition shall materially diminish the value or utility of such Spare Engine below its value or utility,

immediately prior to such alteration, modification or addition, assuming that such Spare Engine was then in the condition required to be maintained by the terms of this Spare Engine Security Agreement, except that the value (but not the utility) of such Spare Engine may be reduced by the value of any such Parts that shall have been removed that the Grantor deems obsolete or no longer suitable or appropriate for use on such Spare Engine. All Parts incorporated or installed in or attached or added to such Spare Engine as the result of such alteration, modification or addition shall be free and clear of any Liens, other than Permitted Liens, and shall, without further act, be subject to the Lien of this Spare Engine Security Agreement. Notwithstanding the foregoing, the Grantor (or any Permitted Lessee) may, at any time, remove any Part from such Spare Engine if such Part: (i) is in addition to, and not in replacement of or substitution for, any Part originally incorporated or installed in or attached to such Spare Engine at the time of delivery thereof to the Grantor or any Part in replacement of, or substitution for, any such Part, (ii) is not required to be incorporated or installed in or attached or added to such Spare Engine pursuant to the first sentence of this Section 6.03(c) or Section 6.01(d) and (iii) can be removed from such Spare Engine without materially diminishing the value or utility required to be maintained by the terms of this Spare Engine Security Agreement that such Spare Engine would have had had such Part never been installed on such Spare Engine. Upon the removal by the Grantor of any Part as permitted by this Section 6.03(c), such removed Part shall, without further act, be free and clear of the Lien of this Spare Engine Security Agreement and of all rights and interests of the Trustee (and the other beneficiaries hereof) and shall no longer be deemed a Part hereunder. Upon request of the Grantor from time to time, the Trustee shall execute and deliver to the Grantor an appropriate instrument confirming the release of any such removed Part from the Lien of this Spare Engine Security Agreement.

(d) Substitution of Spare Engines. The Grantor shall have the right at its option at any time, on at least 30 days' prior written notice to the Trustee, to substitute a Replacement Spare Engine for any such Spare Engine. In such event, and prior to the date of such substitution, the Grantor shall replace such Spare Engine hereunder by complying with the terms of Section 6.04(b) to the same extent as if an Event of Loss had occurred with respect to such Spare Engine.

Section 6.04. Loss, Destruction or Requisition.

(a) [Reserved].

(b) Event of Loss with Respect to any such Spare Engine. Upon the occurrence of an Event of Loss with respect to any such Spare Engine, the Grantor shall give the Trustee prompt written notice thereof within 15 days after the Grantor has determined that an Event of Loss has occurred with respect to such Spare Engine and shall, within 120 days after the occurrence of such Event of Loss, cause to be subjected to the Lien of this Spare Engine Security Agreement, as replacement for the Engine with respect to which such Event of Loss occurred, a Replacement Spare Engine free and clear of all Liens (other than Permitted Liens).

Prior to or at the time of any replacement under this Section 6.04(b), the Grantor will (i) cause a Spare Engine Security Agreement Supplement covering such Replacement Spare Engine to be delivered to the Trustee for execution and, upon such execution, to be filed for recordation pursuant to the Transportation Code, (ii) furnish the Trustee with a copy of the original bill of sale or, if the bill of sale is unavailable, other evidence of ownership reasonably satisfactory to the Trustee (which may be a copy of an invoice or purchase order) respecting such Replacement Spare Engine, (iii) cause the sale of such Replacement Spare Engine to the Grantor (if occurring after February 28, 2006 and if the seller of such Replacement Spare Engine is "situated in" a country that has ratified the Cape Town Convention) and the International Interest created pursuant to such Spare Engine Security Agreement Supplement in favor of the Trustee with respect to such Replacement Spare Engine, to be registered on the International Registry as a sale or an International Interest; provided that if the seller of such Replacement Spare Engine is not situated in a country that has ratified the Cape Town Convention, the Grantor will use its reasonable efforts to cause the seller to register the contract of sale on the International Registry, (iv) cause a financing statement or statements with respect to such Replacement Spare Engine or other requisite documents or instruments to be filed in such place or places as necessary in order to perfect the Trustee's interest therein in the United States, (v) furnish the Trustee with an opinion of the Grantor's counsel (which may be the Grantor's General Counsel or such other internal counsel to the Grantor as shall be reasonably satisfactory to the Trustee) addressed to the Trustee to the effect that, upon such replacement, such Replacement Spare Engine will be subject to the Lien of this Spare Engine Security Agreement, (vi) furnish the Trustee with a certificate of an aircraft engineer or appraiser (who may be an employee of the Grantor) certifying that such Replacement Spare Engine has a value and utility (without regard to hours or cycles) at least equal to the Spare Engine so replaced assuming such Spare Engine was in the condition and repair required by the terms hereof immediately prior to the occurrence of such Event of Loss, and (vii) furnish the Trustee with evidence of compliance with Section 6.05 with respect to such Replacement Spare Engine (which may be an Officer's Certificate to the effect that the Grantor has determined that the insurance maintained with respect to such Replacement Spare Engine so complies). In the case of each Replacement Spare Engine subjected to the Lien of this Spare Engine Security Agreement under this Section 6.04(b), promptly upon the recordation of any Spare Engine Security Agreement Supplement covering such Replacement Spare Engine pursuant to the Transportation Code (or pursuant to the applicable law of such other jurisdiction in which any related airframe is registered), the Grantor will cause to be delivered to the Trustee an opinion of counsel to the Grantor (which may be the Grantor's General Counsel or such other internal counsel of the Grantor as shall be reasonably satisfactory to the Trustee) addressed to the Trustee as to the due recordation of such Spare Engine Security Agreement Supplement or such other requisite documents or

instruments, the registration with the International Registry of the sale of such Replacement Spare Engine to Grantor (if occurring after February 28, 2006 and if the seller of such Replacement Spare Engine is "situated in" a country that has ratified the Cape Town Convention) and of the International Interest created pursuant to such Spare Engine Security Agreement Supplement with respect to such Replacement Spare Engine, and the validity and perfection of the security interest in the Replacement Spare Engine granted to the Trustee under this Spare Engine Security Agreement. For all purposes hereof, upon the attachment of the Lien of this Spare Engine Security Agreement thereto, the Replacement Spare Engine shall become part of the Spare Engine Collateral and shall be deemed an "Engine" as defined herein. Upon compliance with clauses (i) through (vi) of this paragraph, (x) such replaced Spare Engine, any proceeds, the Warranty Rights in respect of such replaced Spare Engine and all rights relating to any of the foregoing shall be free and clear of the Lien of this Spare Engine Security Agreement and of all rights and interests of the Trustee (and the other beneficiaries hereof), (y) the Trustee shall execute and deliver to the Grantor an appropriate instrument releasing such properties, rights, interests and privileges from the Lien of this Spare Engine Security Agreement and assigning to the Grantor all claims against third Persons for damage to or loss of such Spare Engine arising from the Event of Loss and (z) the Trustee will take such actions as may be required to be taken by the Trustee to cancel or release any International Interest of the Trustee registered with the International Registry in relation to the Spare Engines with respect to which such Event of Loss occurred.

(c) Requisition for Use by the Government of any Airframe on which a Spare Engine Is Installed Thereon. In the event of the requisition for use by any government, including, without limitation, pursuant to the CRAF Program, of any airframe on which a Spare Engine installed on such airframe that does not constitute an Event of Loss, the Grantor shall promptly notify the Trustee and all of the Grantor's rights and obligations under this Spare Engine Security Agreement with respect to such Spare Engine and such Spare Engine shall continue to the same extent as if such requisition had not occurred; provided that, notwithstanding the foregoing, the Grantor's obligations other than payment obligations shall only continue to the extent feasible. All payments received by the Grantor or the Trustee from such government for such use of such Spare Engine shall be paid over to, or retained by, the Grantor.

(d) [Reserved].

(e) Application of Payments During Existence of Event of Default. Any amount referred to in Section 6.04 that is payable to or retainable by the Grantor shall not be paid to or retained by the Grantor if at the time of such payment or retention an Event of Default shall have occurred and be continuing, but, subject to any Intercreditor Agreement and any Other Intercreditor Agreement, shall be paid to and held by the Trustee as security for the Obligations. At such time as there shall not be continuing any such Event of Default, such amount shall be paid to the Grantor.

Section 6.05. Insurance. With respect to any Spare Engine Collateral, the Grantor will:

(a) maintain insurance, against such risks, including fire and other risks, as is prudent and customary for United States-based passenger airlines of similar size insuring similar assets;

(b) maintain in full force and effect public liability insurance against claims for personal injury or death or property damage occurring upon, in, about or in connection with the use of such Spare Engine Collateral, in such amounts and with such deductibles as are prudent and customary for United States-based passenger airlines of similar size insuring against similar risks; and

(c) maintain such other insurance or self-insurance as may be required by applicable law.

ARTICLE VII

CERTAIN COVENANTS

Section 7.01. Certain Covenants of the Grantor.

(a) Further Assurances. On and after the date hereof, the Grantor will cause to be done, executed, acknowledged and delivered such further acts, conveyances and assurances as the Trustee shall reasonably request for accomplishing the purposes of this Spare Engine Security Agreement; provided that any instrument or other document so executed by the Grantor will not expand any obligations or limit any rights of the Grantor in respect of the transactions contemplated by this Spare Engine Security Agreement.

(b) Filing and Recordation of this Spare Engine Security Agreement; Registration of International Interests. The Grantor, at its own expense, will cause this Spare Engine Security Agreement (with any Spare Engine Security Agreement Supplement covering a Spare Engine being subjected to the Lien of this Spare Engine Security Agreement attached) to be promptly filed and recorded, or filed for recording, with the FAA to the extent permitted under the Transportation Code and the rules and regulations of the FAA thereunder. In addition, on or prior to each Spare Engine Closing Date, the Grantor will cause the registration of the International Interests (or Prospective International Interests) created under this Spare Engine Security Agreement (as supplemented by any Spare Engine Security Agreement Supplement covering a Spare Engine being subjected to the Lien of this Spare Engine Security Agreement on such Spare Engine Closing Date) to be effected on the International Registry in accordance with the Cape Town Treaty, and shall, as and to the extent applicable, consent to such registration upon the issuance of a request for such consent by the International Registry.

(c) Maintenance of Filings. The Grantor, at its expense, will take, or cause to be taken, such action with respect to the due and timely recording, filing, re-recording and refiling of this Spare Engine Security Agreement and any financing statements and any continuation statements or other instruments as are necessary to maintain, so long as this Spare Engine Security Agreement is in effect, the perfection of the security interests created by this Spare Engine Security Agreement or will furnish the Trustee timely notice of the necessity of such action, together with such instruments, in execution form, and such other information as may be required to enable the Trustee to take such action. The Grantor will notify the Trustee of any change in its jurisdiction of organization (as such term is used in Article 9 of the Uniform Commercial Code as in effect in the [State of Delaware][5]) promptly after making such change or in any event within the period of time necessary under applicable law to prevent the lapse of perfection (absent refiling) of financing statements filed under this Spare Engine Security Agreement.

Section 7.02. Certain Covenants of the Trustee.

(a) Continuing Registration and Re-Registration. The Trustee agrees to execute and deliver, at the Grantor's expense, all such documents and consents as the Grantor may reasonably request for the purpose of registering or maintaining any registration on the International Registry in respect of such Spare Engine.

(b) Quiet Enjoyment. The Trustee agrees, with respect to each Spare Engine, that, unless an Event of Default shall have occurred and be continuing, it shall not (and shall not permit any Affiliate or other Person claiming by, through or under it to) take any action contrary to, or otherwise in any way interfere with or disturb (and then only in accordance with this Spare Engine Security Agreement), the quiet enjoyment of the use and possession of such Spare Engine or any Part thereof by the Grantor or any transferee of any interest in any thereof permitted under this Spare Engine Security Agreement.

(c) Cooperation. The Trustee will cooperate with the Grantor in connection with the recording, filing, re-recording and re-filing of this Spare Engine Security Agreement and any Spare Engine Security Agreement Supplements and any financing statements or other documents as are necessary to maintain the perfection hereof or otherwise protect the security interests created hereby.

Section 7.03. Subjection of Spare Engine to Lien of Spare Engine Security Agreement. If the Grantor has elected to subject any Additional Spare Engine to the Lien of this Spare Engine Security Agreement as Additional Collateral or Qualified Replacement Assets pursuant to the Credit Agreement, the Grantor shall, at its sole expense (A) cause a Spare Engine Security Agreement Supplement describing the engine(s) that constitute such Additional Spare Engine(s) to be delivered to the Trustee

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5 Revise bracketed phrase as necessary for the applicable Grantor.

for execution and, upon such execution, to be filed for recordation pursuant to the Transportation Code, (B) cause the sale of such Additional Spare Engine to the Grantor (if occurring after February 28, 2006 and if the seller of such Additional Spare Engine is "situated in" a country that has ratified the Cape Town Convention) and the International Interest created pursuant to any Spare Engine Security Agreement Supplement in favor of the Trustee with respect to such Additional Spare Engine each to be registered on the International Registry as a sale or an International Interest, respectively; provided that if the seller of such Additional Spare Engine is not situated in a country that has ratified the Cape Town Convention, the Grantor will use its reasonable efforts to cause the seller to register the contract of sale on the International Registry, (C) cause a financing statement or statements with respect to such Additional Spare Engine(s) or other requisite documents or instruments to be filed in such place or places as necessary in order to perfect the Trustee's interest therein in the United States, (D) furnish the Trustee with an opinion of the Grantor's counsel (which may be the Grantor's General Counsel or such other internal counsel of the Grantor as shall be reasonably satisfactory to the Trustee) addressed to the Trustee to the effect that upon taking the actions described in clauses (A), (B) and (C), such Additional Spare Engine(s) will be subject to the Lien of this Spare Engine Security Agreement, (E) furnish the Trustee with evidence of compliance with Section 6.05 with respect to such Additional Spare Engine (which may be an Officer's Certificate to the effect that the Grantor has determined that the insurance maintained with respect to such Additional Spare Engine so complies) and (F) furnish the Trustee with a copy of the original bill(s) of sale or, if the bill(s) of sale are unavailable, other evidence of ownership reasonably satisfactory to the Trustee (which may be a copy of an invoice or purchase order) respecting the engine(s) constituting part of such Additional Spare Engine(s). The Trustee shall promptly execute such Spare Engine Security Agreement Supplement and take such other actions reasonably requested by the Grantor to subject such Additional Spare Engine(s) to the Lien of this Spare Engine Security Agreement.

In the case of any Additional Spare Engine subjected to the Lien of this Spare Engine Security Agreement under this Section 7.03, promptly upon the recordation of any Spare Engine Security Agreement Supplement covering such Additional Spare Engine pursuant to the Transportation Code, the Grantor will cause to be delivered to the Trustee a favorable opinion of the Grantor's counsel (which may be the Grantor's General Counsel or such other internal counsel to the Grantor as shall be reasonably satisfactory to the Trustee) addressed to the Trustee as to the due registration of such Additional Spare Engine and the due recordation of such Spare Engine Security Agreement Supplement or such other requisite documents or instruments, the registration with the International Registry of the sale of such Additional Spare Engine to the Grantor (if occurring after February 28, 2006 and if the seller of such Additional Spare Engine is "situated in" a country that has ratified the Cape Town Convention) and of the International Interests created pursuant to such Spare Engine Security Agreement Supplement with respect to such Additional Spare Engine, and the validity and perfection of the security interest in such Additional Spare Engine granted to the Trustee under this Spare Engine Security Agreement.

For all purposes hereof, upon the attachment of the Lien of this Spare Engine Security Agreement thereto, such Additional Spare Engine shall become part of the Spare Engine Collateral, and each engine constituting part of the Additional Spare Engine shall be deemed a "Spare Engine" as defined herein.

Section 7.04. Release of Spare Engine from Lien of Spare Engine Security Agreement. Upon the satisfaction of the requirements for the release of any Spare Engine from the Lien of this Spare Engine Security Agreement pursuant to this Spare Engine Security Agreement, (i) such Spare Engine, all proceeds, the Warranty Rights in respect of such Spare Engine and all rights relating to the foregoing shall be free and clear of the Lien of this Spare Engine Security Agreement and of all rights and interests of the Trustee (and the other beneficiaries hereof), (ii) the Trustee shall execute and deliver to the Grantor an appropriate instrument releasing such properties, rights, interests and privileges from the Lien of this Spare Engine Security Agreement and assigning to the Grantor all claims against third Persons for damage to or loss of such Spare Engine and (iii) the Trustee will take such actions as may be required to be taken by the Trustee to cancel or release any International Interest of the Trustee registered with the International Registry in relation to such Spare Engine.

Section 7.05. Non-Lender Secured Parties.

(a) Rights to Collateral.

(i) The Non-Lender Secured Parties shall not have any right whatsoever to do any of the following: (A) exercise any rights or remedies with respect to the Spare Engine Collateral or to direct the Trustee to do the same, including, without limitation, the right to (1) enforce any Liens or sell or otherwise foreclose on any portion of the Spare Engine Collateral, (2) request any action, institute any proceedings, exercise any voting rights, give any instructions, make any election or make collections with respect to all or any portion of the Spare Engine Collateral or (3) release the Grantor under this Spare Engine Security Agreement or release any Spare Engine Collateral from the Liens of any Collateral Document or consent to or otherwise approve any such release; (B) demand, accept or obtain any Lien on any Spare Engine Collateral (except for Liens arising under, and subject to the terms of, this Spare Engine Security Agreement); (C) vote in any New Bankruptcy Case or similar proceeding in respect of Parent or any of its Subsidiaries (any such proceeding, for purposes of this clause (i), a "Bankruptcy") with respect to, or take any other actions concerning the Spare Engine Collateral; (D) receive any proceeds from any sale, transfer or other disposition of any of the Spare Engine Collateral (except in

accordance with this Spare Engine Security Agreement); (E) oppose any sale, transfer or other disposition of the Spare Engine Collateral; (F) object to any debtor-in-possession financing in any Bankruptcy which is provided by one or more Lenders among others (including on a priming basis under Section 364(d) of the Bankruptcy Code); (G) object to the use of cash collateral in respect of the Spare Engine Collateral in any Bankruptcy; or (H) seek, or object to the Lenders, the Administrative Agent, the Collateral Agent or the Trustee seeking on an equal and ratable basis, any adequate protection or relief from the automatic stay with respect to the Spare Engine Collateral in any Bankruptcy.

(ii) Each Non-Lender Secured Party, by its acceptance of the benefits of this Spare Engine Security Agreement and the other Collateral Documents, agrees that in exercising rights and remedies with respect to the Spare Engine Collateral, the Trustee, the Collateral Agent and the Lenders, with the consent of the Collateral Agent, may enforce the provisions of the Collateral Documents and exercise remedies thereunder and under any other Loan Documents (or refrain from enforcing rights and exercising remedies), all in such order and in such manner as they may determine in the exercise of their sole business judgment and subject to the terms of any Intercreditor Agreement and any Other Intercreditor Agreement. Such exercise and enforcement shall include, without limitation, the rights to collect, sell, dispose of or otherwise realize upon all or any part of the Collateral, to incur expenses in connection with such collection, sale, disposition or other realization and to exercise all the rights and remedies of a secured lender under the UCC. The Non-Lender Secured Parties by their acceptance of the benefits of this Spare Engine Security Agreement and the other Collateral Documents hereby agree not to contest or otherwise challenge any such collection, sale, disposition or other realization of or upon all or any of the Spare Engine Collateral. Whether or not a New Bankruptcy Case has been commenced, the Non-Lender Secured Parties shall be deemed to have consented to any sale or other disposition of any property, business or assets of Parent or any of its Subsidiaries and the release of any or all of the Spare Engine Collateral from the Liens of any Collateral Document in connection therewith.

(iii) Notwithstanding any provision of this Section 7.05(a), the Non-Lender Secured Parties shall be entitled, subject to any Intercreditor Agreement and any Other Intercreditor Agreement, to file any necessary responsive or defensive pleadings in opposition to any motion, claim, adversary proceeding or other pleadings (A) in order to prevent any Person from seeking to foreclose on the Spare Engine Collateral or supersede the Non-Lender Secured Parties' claim thereto or (B) in opposition to any motion, claim, adversary proceeding or other pleading made by any Person objecting to or otherwise seeking the disallowance of the claims of the Non-Lender Secured Parties. Each Non-Lender Secured Party, by its acceptance of the benefits of this Spare Engine Security Agreement, agrees to be bound by and to comply with any Intercreditor Agreement and any Other Intercreditor Agreement and authorizes the Trustee to enter into the Intercreditor Agreements and Other Intercreditor Agreements on its behalf.

(iv) Each Non-Lender Secured Party, by its acceptance of the benefits of this Spare Engine Security Agreement, agrees that the Collateral Agent and the Lenders may deal with the Spare Engine Collateral, including any exchange, taking or release of Spare Engine Collateral, may change or increase the amount of the Obligations, and may release any Grantor from its Obligations hereunder, all without any liability or obligation (except as may be otherwise expressly provided herein) to the Non-Lender Secured Parties.

(b) Appointment of Agent. Each Non-Lender Secured Party, by its acceptance of the benefits of this Spare Engine Security Agreement and the other Collateral Documents, shall be deemed irrevocably to make, constitute and appoint the Trustee, as agent of the Collateral Agent under the Credit Agreement (and all officers, employees or agents designated by the Trustee) as such Person's true and lawful agent and attorney-in-fact, and in such capacity, the Trustee shall have the right, with power of substitution for the Non-Lender Secured Parties and in each such Person's name or otherwise, to effectuate any sale, transfer or other disposition of the Spare Engine Collateral. It is understood and agreed that the appointment of the Trustee as the agent and attorney-in-fact of the Non-Lender Secured Parties for the purposes set forth herein is coupled with an interest and is irrevocable. It is understood and agreed that the Trustee has appointed the Administrative Agent as its agent for purposes of perfecting certain of the security interests created hereunder and for otherwise carrying out certain of its obligations hereunder.

(c) Waiver of Claims. To the maximum extent permitted by law, each Non-Lender Secured Party waives any claim it might have against the Trustee, the Collateral Agent or the Lenders with respect to, or arising out of, any action or failure to act or any error of judgment, negligence, or mistake or oversight whatsoever on the part of the Trustee, the Collateral Agent or the Lenders or their respective directors, officers, employees or agents with respect to any exercise of rights or remedies under the Loan Documents or any transaction relating to the Spare Engine Collateral (including, without limitation, any such exercise described in Section 7.05(a)(ii)), except for any such action or failure to act that constitutes willful misconduct or gross negligence of such Person. To the maximum extent permitted by applicable law, none of the Trustee, the Collateral Agent or any Lender or any of their respective directors, officers, employees or agents shall be liable for failure to demand, collect or realize upon any of the Spare Engine Collateral or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any Spare Engine Collateral upon the request of Parent, any Subsidiary of Parent, any Non-Lender Secured Party or any other Person or to take any other action or forbear from doing so whatsoever with regard to the Spare Engine Collateral or any part thereof, except for any such action or failure to act that constitutes willful misconduct or gross negligence of such Person.

ARTICLE VIII

MISCELLANEOUS

Section 8.01. Termination of this Spare Engine Security Agreement. Subject to Section 6.03, Section 6.04 and Section 7.04 (and without in any way limiting provisions regarding any release of the Lien of this Spare Engine Security Agreement contained in such Section 6.03, Section 6.04 and Section 7.04, as applicable):

(a) At such time as the Obligations (other than any Obligations owing to a Non-Lender Secured Party) then due and owing shall have been paid in full, the Commitments under the Credit Agreement have been terminated and no Letters of Credit shall be outstanding (except for Letters of Credit that have been cash collateralized or otherwise provided for in a manner reasonably satisfactory to the Administrative Agent), all Spare Engine Collateral shall be released from the Liens created hereby, and this Spare Engine Security Agreement and all obligations (other than those expressly stated to survive such termination) of the Trustee and the Grantor shall terminate, all without delivery of any instrument or performance of any act by any party, and all rights to the Spare Engine Collateral shall revert to the Grantor. At the request and sole expense of the Grantor following any such termination, the Trustee shall execute, acknowledge and deliver to the Grantor such releases, instruments or other documents and do or cause to be done all other acts, as the Grantor shall reasonably request to evidence such termination.

(b) Upon any Permitted Disposition of Spare Engine Collateral (whether by way of the sale of Spare Engine Collateral or the sale of Capital Stock of the Grantor of such Spare Engine Collateral) permitted by the Credit Agreement, the Lien pursuant to this Spare Engine Security Agreement on the Spare Engine Collateral subject to such sale or other disposition (or in the case of a sale of Capital Stock of the Grantor, the Grantor's Spare Engine Collateral) shall be automatically released. In connection with any other Disposition of Spare Engine Collateral (whether by way of the sale of Spare Engine Collateral or the sale of Capital Stock of the Grantor of such Spare Engine Collateral) permitted under the Credit Agreement, the Trustee shall, upon receipt from the Grantor of a written request for the release of the Spare Engine Collateral subject to such sale or other disposition (or in the case of a sale of Capital Stock of the Grantor, the release of the Grantor's Spare Engine Collateral), at the Grantor's sole cost and expense, execute, acknowledge and deliver to the Grantor such releases, instruments or other documents, and do or cause to be done all other acts, as the Grantor shall reasonably request to evidence or effect the release of the Liens created hereby (if any) on such Spare Engine Collateral.

Section 8.02. No Legal Title to Spare Engine Collateral in the Secured Parties. No holder of any Obligation shall have legal title to any part of the Spare Engine Collateral. No transfer, by operation of law or otherwise, of any Obligations or other right, title and interest of any Secured Party in and to the Spare Engine Collateral or hereunder shall operate to terminate this Spare Engine Security Agreement or entitle such holder or any successor or transferee of such holder to an accounting or to the transfer to it of any legal title to any part of the Spare Engine Collateral.

Section 8.03. Sale by the Trustee Is Binding. Any sale or other conveyance of any Spare Engine or any interest therein by the Trustee made pursuant to the terms of this Spare Engine Security Agreement shall bind the Secured Parties and the Grantor and shall be effective to transfer or convey all right, title and interest of the Trustee, the Grantor and such Secured Parties in and to such Spare Engine or interest therein. No purchaser or other grantee shall be required to inquire as to the authorization, necessity, expediency or regularity of such sale or conveyance or as to the application of any sale or other proceeds with respect thereto by the Trustee or the other Secured Parties.

Section 8.04. This Spare Engine Security Agreement for the Benefit of the Grantor, the Trustee, the Collateral Agent and the Secured Parties. Nothing in this Spare Engine Security Agreement, whether express or implied, shall be construed to give any Person other than the Grantor, the Trustee, the Collateral Agent and the other Secured Parties any legal or equitable right, remedy or claim under or in respect of this Spare Engine Security Agreement, except that the Persons referred to in the second to last full paragraph of Section 6.01(a) shall be third party beneficiaries of such paragraph.

Section 8.05. Notices.

(a) Except in the case of notices and other communications expressly permitted to be given by telephone (and subject to paragraph (b) below), all notices and other communications provided for herein shall be in writing (including by facsimile or electronic mail), and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile, as follows:

(i) if to the Grantor, to it at [ ], Facsimile No.: [ ], email: [ ]; in each case Attention: [ ]; with copies (which shall not constitute notice) to: [ ], facsimile: [ ]; Attention: [ ]; and

(ii) if to the Trustee, to it at [Name of Trustee], [ ], Facsimile No.: [ ]; email:[ ]; in each case Attention: [ ].

(b) The Trustee or the Grantor may, in its reasonable discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

(c) Any party hereto may change its address or facsimile number for notices and other communications hereunder by notice to the other parties hereto. All notices and other communications given to any party hereto in accordance with the provisions of this Spare Engine Security Agreement shall be deemed to have been given on the date of receipt.

Section 8.06. Severability of Provisions. To the extent permitted by applicable law, any provision of this Spare Engine Security Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

Section 8.07. No Oral Modification or Continuing Waivers. Subject to Section 10.08 of the Credit Agreement, no terms or provisions of this Spare Engine Security Agreement may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the Grantor and the Trustee. Any waiver of the terms hereof shall be effective only in the specific instance and for the specific purpose given.

Section 8.08. Successors and Assigns. This Spare Engine Security Agreement shall be binding upon the Grantor and its successors and assigns and shall inure to the benefit of the Trustee, the Collateral Agent and each Secured Party and their respective successors and permitted assigns; provided that the Grantor may not transfer or assign any or all of its rights or obligations hereunder without the prior written consent of the Trustee, unless otherwise permitted by the applicable Loan Documents. All agreements, statements, representations and warranties made by the Grantor herein or in any certificate or other instrument delivered by the Grantor or on its behalf under this Spare Engine Security Agreement shall be considered to have been relied upon by the Secured Parties and shall survive the execution and delivery of this Spare Engine Security Agreement and the other Loan Documents regardless of any investigation made by the Trustee, the Collateral Agent or the Secured Parties or on their behalf.

Section 8.09. Headings. Section headings used herein are for convenience only and are not to affect the construction or be taken into consideration in interpreting this Spare Engine Security Agreement.

Section 8.10. Normal Commercial Relations. Anything contained in this Spare Engine Security Agreement to the contrary notwithstanding, the Trustee, any other Secured Party or any of their affiliates may conduct any banking or other financial transactions, and have banking or other commercial relationships, with the Grantor, fully to the same extent as if this Spare Engine Security Agreement were not in effect, including without limitation the making of loans or other extensions of credit to the Grantor for any purpose whatsoever, whether related to any of the transactions contemplated hereby or otherwise.

Section 8.11. The Grantor's Performance and Rights. Any obligation imposed on the Grantor herein shall require only that the Grantor perform or cause to be performed such obligation, even if stated as a direct obligation, and the performance of any such obligation by any permitted assignee, lessee or transferee under an assignment, lease or transfer agreement then in effect and in accordance with the provisions of this Spare Engine Security Agreement shall constitute performance by the Grantor and, to the extent of such performance, discharge such obligation by the Grantor. Except as otherwise expressly provided herein, any right granted to the Grantor in this Spare Engine Security Agreement shall grant the Grantor the right to permit such right to be exercised by any such assignee, lessee or transferee, and, in the case of a lessee, as if the terms hereof were applicable to such lessee were such lessee the Grantor hereunder. The inclusion of specific references to obligations or rights of any such assignee, lessee or transferee in certain provisions of this Spare Engine Security Agreement shall not in any way prevent or diminish the application of the provisions of the two sentences immediately preceding with respect to obligations or rights in respect of which specific reference to any such assignee, lessee or transferee has not been made in this Spare Engine Security Agreement.

Section 8.12. Execution in Counterparts. This Spare Engine Security Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract.

Section 8.13. Governing Law. **THIS SPARE ENGINE SECURITY AGREEMENT HAS BEEN DELIVERED IN THE STATE OF NEW YORK AND THIS SPARE ENGINE SECURITY AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS SPARE ENGINE SECURITY AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO ITS PRINCIPLES OR RULES OF CONFLICT OF LAWS, TO THE EXTENT SUCH PRINCIPLES OR RULES ARE NOT MANDATORILY APPLICABLE BY STATUTE AND WOULD REQUIRE OR PERMIT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION.**

Section 8.14. Consent to Jurisdiction and Service of Process.

(a) Each party hereto hereby irrevocably and unconditionally submits, for itself and its property in any legal action or proceeding relating to this Spare Engine Security Agreement and the other Loan Documents to which it is a party, to the exclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York and appellate courts from either of them on and after the Plan Effective Date, and, prior to the Plan Effective Date, of the United States Bankruptcy Court for the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Spare Engine Security Agreement, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State court or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall, to the extent permitted by law, be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

(b) Each party hereto hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Spare Engine Security Agreement in any court referred to in Section 8.14(a). Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(c) Each party hereto hereby irrevocably and unconditionally consents to service of process in the manner provided for notices in Section 8.05. Nothing in this Spare Engine Security Agreement will affect the right of any party to this Spare Engine Security Agreement to serve process in any other manner permitted by law.

Section 8.15. Amendments, Etc. This Spare Engine Security Agreement may not be amended, modified or waived except with the written consent of the Grantor and the Trustee (who shall act pursuant to and in accordance with the terms of Section 10.08 of the Credit Agreement); provided that unless separately agreed in writing between the Grantor and any Non-Lender Secured Party, no such waiver and no such amendment or modification shall amend, modify or waive Section 3.01(a) (or the definition of "Non-Lender Secured Party" or "Secured Party" to the extent relating thereto) if such waiver, amendment, or modification would directly and adversely affect a Non-Lender Secured Party without the written consent of such affected Non-Lender Secured Party. Any amendment, modification or supplement of or to any provision of this Spare Engine Security Agreement, any termination or waiver of any provision of this Spare Engine Security Agreement and any consent to any departure by the Grantor from the terms of

any provision of this Spare Engine Security Agreement shall be effective only in the specific instance and for the specific purpose for which made or given. No notice to or demand upon the Grantor in any instance hereunder shall entitle the Grantor to any other or further notice or demand in similar or other circumstances. For the avoidance of doubt, it is understood and agreed that any amendment, amendment and restatement, waiver, supplement or other modification of or to any Intercreditor Agreement or any Other Intercreditor Agreement that would have the effect, directly or indirectly, through any reference herein to any Intercreditor Agreement or any Other Intercreditor Agreement or otherwise, of waiving, amending, supplementing or otherwise modifying this Spare Engine Security Agreement, or any term or provision hereof, or any right or obligation of the Grantor hereunder or in respect hereof, shall not be given such effect except pursuant to a written instrument executed by the Grantor and the Trustee in accordance with this Section 8.15.

[Signature Pages Follow.]

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

[NAME OF GRANTOR]

By: _____
Name:
Title:

Signature Page

CITIBANK, N.A., as Trustee

By: _____

Name:
Title:

Signature Page

Spare Engine Security Agreement

SCHEDULE I
SCHEDULE OF SPARE ENGINES

Manufacturer	Engine Model	Serial Number

Signature page

FORM OF SPARE ENGINE SECURITY AGREEMENT SUPPLEMENT

SPARE ENGINE SECURITY AGREEMENT SUPPLEMENT NO.

SPARE ENGINE SECURITY AGREEMENT SUPPLEMENT NO. , dated , ("Spare Engine Security Agreement Supplement"), between [NAME OF GRANTOR] (the "Grantor") and [NAME OF TRUSTEE], as Trustee under the Spare Engine Security Agreement (each as hereinafter defined).

W I T N E S S E T H:

WHEREAS, the Spare Engine Security Agreement, dated as of , 20 (the "Spare Engine Security Agreement"; capitalized terms used herein without definition shall have the meanings specified therefor in Annex A to the Spare Engine Security Agreement), between the Grantor and [Name of Trustee], as security trustee (the "Trustee"), provides for the execution and delivery of supplements thereto substantially in the form hereof which shall particularly describe one or more Spare Engine(s), and shall specifically grant a security interest in such Spare Engine to the Trustee.

[WHEREAS, the Spare Engine Security Agreement relates to the Spare Engines described in Annex A attached hereto and made a part hereof, and a counterpart of the Spare Engine Security Agreement Supplement is attached to and made a part of this Spare Engine Security Agreement;]1[1]

[WHEREAS, the Grantor has, as provided in the Spare Engine Security Agreement, heretofore executed and delivered to the Trustee Spare Engine Security Agreement Supplement(s) for the purpose of specifically subjecting to the Lien of the Spare Engine Security Agreement certain engines therein described, which Spare Engine Security Agreement Supplement(s) is/are dated andhas/have been duly recorded with the FAA as set forth below, to wit:

Date	Recordation Date	Conveyance No.[2]

]

1 Use for Spare Engine Supplement No. 1 only.
2 Use for Spare Engine Security Agreement Supplements other than Spare Engine Security Agreement Supplement No. 1.

NOW, THEREFORE, to secure all of the Obligations, and in consideration of the premises, the mutual agreements set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Grantor hereby pledges, grants and creates a security interest and mortgage in favor of the Trustee for its benefit and the benefit of the other Secured Parties in all estate, right, title and interest of the Grantor in, to and under the Spare Engines described in Annex A attached hereto, whether or not any such Spare Engine may from time to time be installed on any airframe or any aircraft, and any and all Parts relating thereto, and, to the extent provided in the Spare Engine Security Agreement, all substitutions and replacements of, and additions, improvements, accessions and accumulations to, [the][each such] Spare Engine and any and all Parts (in each case other than any substitutions, replacements, additions, improvements, accessions and accumulations that constitute items excluded from the definition of Parts by clauses (b), (c) and (d) thereof) relating thereto;

TO HAVE AND TO HOLD all and singular the aforesaid property unto the Trustee, and its successors and permitted assigns, in trust for its benefit and the benefit of other Secured Parties, except as otherwise provided in the Spare Engine Security Agreement, and for the uses and purposes and subject to the terms and provisions set forth in the Spare Engine Security Agreement.

This Spare Engine Security Agreement Supplement shall be construed as supplemental to the Spare Engine Security Agreement and shall form a part thereof, and the Spare Engine Security Agreement is hereby incorporated by reference herein and is hereby ratified, approved and confirmed.

THIS SPARE ENGINE SECURITY AGREEMENT SUPPLEMENT HAS BEEN DELIVERED IN THE STATE OF NEW YORK AND THIS SPARE ENGINE SECURITY AGREEMENT SUPPLEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS SPARE ENGINE SECURITY AGREEMENT SUPPLEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO ITS PRINCIPLES OR RULES OF CONFLICT OF LAWS, TO THE EXTENT SUCH PRINCIPLES OR RULES ARE NOT MANDATORILY APPLICABLE BY STATUTE AND WOULD REQUIRE OR PERMIT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION.

[Signature Pages Follow.]

IN WITNESS WHEREOF, the undersigned have caused this Spare Engine Security Agreement Supplement No. to be duly executed by their respective duly authorized officers, on the date first above written.

[NAME OF GRANTOR]

By: _____
Name:
Title:

CITIBANK, N.A., as Trustee

By: _____
Name:
Title:

Annex A to
Spare Engine Security Agreement

DESCRIPTION OF SPARE ENGINE(S)

Manufacturer	Model	Generic Manufacturer and Model	Manufacturer's Serial Nos.

Each Spare Engine has 550 or more rated takeoff horsepower or the equivalent of such horsepower and is a jet propulsion aircraft engine having at least 1750 pounds of thrust or the equivalent of such thrust.

LIST OF PERMITTED COUNTRIES

Australia*
Austria*
Bahamas
Barbados
Belgium
Bermuda Islands
Brazil
British Virgin Islands
Canada*
Cayman Islands
Chile
Czech Republic
Denmark*
Ecuador
Finland*
France*
Germany*
Greece
Hong Kong
Hungary
Iceland*
India
Ireland*
Italy
Jamaica
Japan*
Kuwait
Liechtenstein*
Luxembourg*
Malaysia
Mexico
Monaco*
the Netherlands*
Netherlands Antilles
New Zealand*
Norway*
Peoples' Republic of China
Poland
Portugal
Republic of China (Taiwan)
Singapore
South Africa
South Korea
Spain
Sweden*
Switzerland*
Thailand
Trinidad and Tobago
United Kingdom*

*Country of domicile for a manufacturer (or its Affiliate) referred to in Section 6.01(a)(ix).

DEFINITIONS

"Additional Agent" shall have the meaning specified in the Intercreditor Agreement.

"Additional Spare Engine" shall mean any engine that the Grantor has elected to subject to the Lien of the Spare Engine Security Agreement as Additional Collateral or Qualified Replacement Assets, other than the initial Spare Engine so subjected or any Replacement Spare Engine.

"Additional Collateral" shall have the meaning specified in the Credit Agreement.

"Additional Collateral Documents" shall have the meaning specified in the Intercreditor Agreement.

"Additional Credit Facility Secured Parties" shall have the meaning specified in the Intercreditor Agreement.

"Additional Obligations" shall have the meaning specified in the Intercreditor Agreement.

"Administrative Agent" shall have the meaning specified in the Credit Agreement.

"Affiliate" shall have the meaning specified in the Credit Agreement.

"Aircraft Security Agreement" means that certain Aircraft Security Agreement, dated as of the date hereof, as amended, restated, supplemented or otherwise modified.

"Airframe" shall have the meaning specified in the Aircraft Security Agreement.

"Appraisal" shall have the meaning specified in the Credit Agreement.

"Appraised Value" shall have the meaning specified in the Credit Agreement.

"Banking Product Provider" shall mean any Person that has entered into a Designated Banking Product Agreement with Parent or the Grantor.

"Bankruptcy Case" shall mean (a) pursuant to or within the meaning of Bankruptcy Law, (i) a voluntary case commenced by Parent or any of its Subsidiaries, (ii) an involuntary case in which Parent or any of its Subsidiaries consent to the entry of an order for relief against it, (iii) an appointment consented to by Parent or any of its Subsidiaries of a custodian of it or for all or substantially all of its property, (iv) the making of a general assignment for the benefit of its creditors by Parent or any of its Subsidiaries or (v) the admission in writing of Parent's or any of its Subsidiaries' inability generally to pay its debts or (b) an order or decree under any Bankruptcy Law entered by a court of competent jurisdiction that (i) is for relief against Parent or any of its Subsidiaries in an involuntary case, (ii) appoints a custodian of Parent or any of its Subsidiaries for all or substantially all of the property of Parent or any of its Subsidiaries, (iii) orders the liquidation of Parent or any of its Subsidiaries, and in each case of this clause (b) the order or decree remains unstayed and in effect for 60 consecutive days.

"Bankruptcy Code" shall mean the United States Bankruptcy Code, 11 United States Code §§101 et seq., as amended, or any successor statutes thereto.

"Business Day" shall have the meaning specified in the Credit Agreement.

"Cape Town Convention" shall mean the official English language text of the Convention on International Interests in Mobile Equipment, adopted on November 16, 2001, at a diplomatic conference in Cape Town, South Africa, and all amendments, supplements, and revisions thereto (and from and after the effective date of the Cape Town Treaty in the relevant country, means when referring to the Cape Town Convention with respect to that country, the Cape Town Convention as in effect in such country, unless otherwise indicated).

"Cape Town Treaty" shall mean, collectively, the official English language text of (a) the Convention on International Interests in Mobile Equipment, and (b) the Protocol to the Convention on International Interests in Mobile Equipment on Matters Specific to Spare Engine Equipment, in each case adopted on November 16, 2001, at a diplomatic conference in Cape Town, South Africa, and from and after the effective date of the Cape Town Treaty in the relevant country, means when referring to the Cape Town Treaty with respect to that country, the Cape Town Treaty as in effect in such country, unless otherwise indicated, and (c) all rules and regulations adopted pursuant thereto and, in the case of each of the foregoing described in clauses (a) through (c), all amendments, supplements, and revisions thereto.

"Capital Stock" shall have the meaning specified in the Credit Agreement.

"Certificated Air Carrier" shall mean an air carrier holding an air carrier operating certificate issued by the Secretary of Transportation pursuant to Chapter 447 of Title 49 of the United States Code for aircraft capable of carrying ten or more individuals or 6,000 pounds or more of cargo.

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

"Collateral Agent" shall have the meaning specified in the Credit Agreement.

"Collateral Documents" shall have the meaning specified in the Credit Agreement.

"Commitments" shall have the meaning specified in the Credit Agreement.

"Compulsory Acquisition" shall mean requisition of title or other compulsory acquisition, capture, seizure, deprivation, confiscation or detention for any reason of a Spare Engine by any government that results in the loss of title or use of such Spare Engine by the Grantor (or any Permitted Lessee) for a period in excess of 180 consecutive days, but shall exclude requisition for use not involving requisition of title.

"CRAF Program" shall mean the Civil Reserve Air Fleet Program authorized under 10 U.S.C. Section 9511 et seq. or any similar or substitute program under the laws of the United States.

"Credit Agreement" shall have the meaning specified in the recitals to the Spare Engine Security Agreement.

"Department of Transportation" shall mean the United States Department of Transportation and any agency or instrumentality of the United States government succeeding to its functions.

"Designated Banking Product Agreement" shall have the meaning provided in the Credit Agreement.

"Designated Hedging Agreement" shall have the meaning provided in the Credit Agreement.

"Discharge of Additional Obligations" shall have the meaning specified in the Intercreditor Agreement.

"Disposition" shall have the meaning specified in the Credit Agreement.

"Dollars" and "$"shall mean the lawful currency of the United States.

"EASA" shall mean the European Aviation Safety Agency of the European Union and any successor agency.

"Election Notice" shall have the meaning specified in Section 6.04(a) of the Spare Engine Security Agreement.

"Event of Default" shall have the meaning specified in the Credit Agreement.

"Event of Loss" shall mean, as of any date of determination, with respect to any Spare Engine, any of the following events with respect to such property:

(a) the loss of such property or of the use thereof due to destruction, damage beyond repair or rendition of such property permanently unfit for normal use for any reason whatsoever;

(b) any damage to such property which results in an insurance settlement with respect to such property on the basis of a total loss, a compromised total loss or a constructive total loss;

(c) the theft, hijacking or disappearance of such property for a period in excess of 180 consecutive days;

(d) the requisition for use of such property by any government that shall have resulted in the loss of possession of such property by the Grantor (or any Permitted Lessee) for a period in excess of 12 consecutive months;

(e) any Compulsory Acquisition; and

(g) any divestiture of title to or interest in such Spare Engine or any event with respect to such Spare Engine that is deemed to be an Event of Loss with respect to such Spare Engine pursuant to Section 6.01(a)(vii) or Section 6.04(d) of the Spare Engine Security Agreement.

"FAA" shall mean the United States Federal Aviation Administration and any agency or instrumentality of the United States government succeeding to its functions.

"Government" shall mean the government of any of Canada, France, Germany, Japan, The Netherlands, Sweden, Switzerland, the United Kingdom or the United States and any instrumentality or agency thereof.

"Grantor" shall have the meaning specified in the preamble to the Spare Engine Security Agreement

"Hedging Provider" shall mean any Person that has entered into a Designated Hedging Agreement with Parent or the Grantor.

"Indebtedness" shall have the meaning specified in the Credit Agreement.

"Intercreditor Agreement" shall have the meaning specified in the Credit Agreement.

"International Interest" shall have the meaning ascribed to the defined term "international interest" under the Cape Town Treaty.

"International Registry" shall mean the international registry established pursuant to the Cape Town Treaty.

"JAA" shall mean the Joint Aviation Authorities and any successor authority.

"Lease" shall mean any lease permitted by the terms of Section 6.01(a) of the Spare Engine Security Agreement.

"Lender" shall have the meaning specified in the recitals of the Credit Agreement.

"Letters of Credit" shall have the meaning specified in the Credit Agreement.

"Lien" shall have the meaning specified in the Credit Agreement.

"Loan Documents" shall have the meaning specified in the Credit Agreement.

"Non-Lender Secured Parties" shall mean, collectively, all Banking Product Providers and Hedging Providers and their respective successors, assigns and transferees. For the avoidance of doubt, "Non-Lender Secured Parties" shall exclude Banking Product Providers and Hedging Providers in their capacities as Lenders, if applicable.

"Obligations" shall have the meaning specified in the Credit Agreement. For the avoidance of doubt, "Obligations" does not include any Indebtedness or other obligations under any Pari Passu Notes (as defined in the Credit Agreement).

"Officer's Certificate" shall have the meaning specified in the Credit Agreement.

"Other Intercreditor Agreement" shall have the meaning specified in the Credit Agreement.

"Parent" shall have the meaning specified in the recitals to the Spare Engine Security Agreement.

"Parts" shall mean, with respect to any Spare Engine, any and all appliances, parts, instruments, appurtenances, accessories, furnishings and other equipment of whatever nature (other than (a) any such complete Spare Engines or engines and (b) any items leased by the Grantor or any Permitted Lessee) so long as the same shall be incorporated or installed in or attached to such Spare Engine or so long as the same shall be subject to the Lien of the Spare Engine Security Agreement in accordance with the terms of Section 6.03 thereof after removal from such Spare Engine.

"Permitted Disposition" shall have the meaning specified in the Credit Agreement.

"Permitted Lessee" shall mean any Person to whom the Grantor is permitted to lease any Spare Engine pursuant to Section 6.01(a) of the Spare Engine Security Agreement.

"Permitted Liens" shall have the meaning specified in the Credit Agreement.

"Person" shall have the meaning specified in the Credit Agreement.

"Prospective International Interest" shall have the meaning ascribed to the defined term

"prospective international interest" under the Cape Town Treaty.

"Qualified Replacement Assets" shall have the meaning specified in the Credit Agreement.

"Replacement Spare Engine" shall mean, with respect to any Spate Engine to be replaced pursuant to Section 6.03(d), Section 6.04(a) or Section 6.04(b) of the Spare Engine Security Agreement, an engine of the same make and model as such Spare Engine (or an engine of the same or another manufacturer of a comparable or an improved model and suitable for installation and use on the related Airframe with the other related Engine (or any other Replacement Spare Engine being substituted simultaneously therewith)) that shall have been made subject to the Lien of the Spare Engine Security Agreement pursuant to Section 6.03 or Section 6.04 thereof, together with all Parts relating to such engine, but excluding items installed or incorporated in or attached to any such engine from time to time that are excluded from the definition of Parts.

"Responsible Officer" shall have the meaning specified in the Credit Agreement.

"Secured Parties" shall have the meaning specified in the Credit Agreement.

"Senior Priority Obligations" shall have the meaning specified in the Intercreditor Agreement.

"Senior Priority Representative" shall have the meaning specified in the Intercreditor Agreement.

"Spare Engine" shall mean (a) each engine further described on Schedule I hereto and any Additional Spare Engine or Replacement Spare Engine further described in Annex A to a Spare Engine Security Agreement Supplement originally executed and delivered in respect of such engine under the Spare Engine Security Agreement (except (i) any and all Parts related to such Spare Engine or engines and (ii) items installed or incorporated in or attached to such engine from time to time that are excluded from the definition of Parts by clauses (b), (c) and (d) thereof) and (b) any and all related Parts. The term "Spare Engine" shall include any Replacement Spare Engine that may from time to time be substituted for any Spare Engine pursuant to Section 6.04 of the Spare Engine Security Agreement or any airframe subjected to the Lien of the Spare Engine Security Agreement in connection with an Additional Spare Engine that has been subjected to the Lien of the Spare Engine Security Agreement pursuant to Section 7.03 of the Spare Engine Security Agreement. At such time as a Replacement Spare Engine shall be so substituted and the Spare Engine for which such substitution is made shall be released from the Lien of the Spare Engine Security Agreement, such replaced Spare Engine shall cease to be a Spare Engine under the Spare Engine Security Agreement. The term "Spare Engine" shall not include any Spare Engine after the Lien of the Spare Engine Security Agreement shall have been terminated with respect thereto.

"Spare Engine Closing Date" shall mean with respect to any engine, the date such engine is subjected to the Lien of the Spare Engine Security Agreement.

"Spare Engine Collateral" shall have the meaning specified in the granting clause of the Spare Engine Security Agreement.

"Spare Engine Security Agreement" shall mean the Spare Engine Security Agreement, dated as of [•], between the Grantor and the Trustee acting on behalf of the Collateral Agent, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms, including supplementation by a Spare Engine Security Agreement Supplement pursuant to the Spare Engine Security Agreement.

"Spare Engine Security Agreement Supplement" shall mean a supplement to the Spare Engine Security Agreement executed and delivered thereunder, substantially in the form of Exhibit A to the Spare Engine Security Agreement, which shall describe any Spare Engine and any Replacement Spare Engine included in the property subject to the Lien of the Spare Engine Security Agreement.

"Subsidiary" shall have the meaning specified in the Credit Agreement.

"Substitution Date" shall have the meaning specified in Section 6.04(a) of the Spare Engine Security Agreement.

"Taxes" shall have the meaning specified in the Credit Agreement.

"Transportation Code" shall mean that portion of Title 49 of the United States Code comprising those provisions formerly referred to as the Federal Aviation Act of 1958, as amended, or any subsequent legislation that amends, supplements or supersedes such provisions.

"Trustee" shall have the meaning specified in the preamble to the Spare Engine Security Agreement.

"UCC" shall mean the Uniform Commercial Code as in effect in any applicable jurisdiction.

"United States" shall mean the United States of America.

"Warranty Rights" shall mean, with respect to any Spare Engine, the rights of the Grantor under any warranty or indemnity, express or implied, regarding title, materials, workmanship, design and patent infringement, or related matters in respect of such Spare Engine, in each case to the extent that: (a) such rights relate to such Spare Engine (and not to any other properties or assets), (b) such rights are assignable at no additional expense to the Grantor, and (c) such assignment does not require the consent of any Person and does not violate any contract or agreement binding upon the Grantor relating to such rights.

OFFICER'S CERTIFICATE

Collateral Coverage Ratio Certificate

AMERICAN AIRLINES, INC.

Reference is made to the Amended and Restated Credit and Guaranty Agreement, dated as of December 15, 2016 (as may be amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Credit Agreement"; capitalized terms defined therein being used herein as therein defined), by and among AMERICAN AIRLINES, INC., a Delaware corporation (the "Borrower"), AMERICAN AIRLINES GROUP INC., a Delaware corporation ("Parent"), the direct and indirect Domestic Subsidiaries of Parent from time to time party thereto other than the Borrower, each of the several banks and other financial institutions or entities from time to time party thereto as a lender (the "Lenders"), CITIBANK, N.A., as administrative agent for the Lenders and as collateral agent for the Secured Parties.

[This certificate is being delivered pursuant to Section 4.02(d) of the Credit Agreement. The undersigned hereby certifies, on behalf of the Borrower, that the Collateral Coverage Ratio as of [insert applicable date of Loan and/or Letter of Credit], giving pro forma effect to any Loans made on, and/or Letters of Credit issued on, such date, is [ ] to 1.0.][1]

[This certificate is being delivered in connection with a Disposition of Collateral pursuant to Section 6.04(ii)(D) of the Credit Agreement. The undersigned hereby certifies, on behalf of the Borrower, that the Collateral Coverage Ratio as of [insert applicable date of Disposition of Collateral], giving pro forma effect to such Disposition of Collateral and any actions taken pursuant to Section 6.04(ii)(B)(II), is [ ] to 1.0 and that the Collateral includes at least one category of Core Collateral after giving effect to such Disposition and any actions taken pursuant to clause 6.04(B)(II).][2]

[This certificate is being delivered pursuant to Section 6.09(a) of the Credit Agreement. The undersigned hereby certifies, on behalf of the Borrower, that the Collateral Coverage Ratio as of [insert applicable Reference Date] is [ ] to 1.0. [and that the Collateral includes at least one category of Core Collateral[3]][4]

1 For Collateral Coverage Ratio Certificate delivered pursuant to Section 4.02(d) of the Credit Agreement.
2 For Collateral Coverage Ratio Certificate delivered pursuant to Sections 5.01(i) and 6.04(ii)(D) of the Credit Agreement.
3 Include bracketed language only if Reference Date occurs on or after the Initial Collateral Release Date.
4 For Collateral Coverage Ratio Certificate delivered pursuant to Sections 5.01(f) and 6.09(a) of the Credit Agreement

[This certificate is being delivered in connection with a release of Collateral pursuant to Section 6.09(c) of the Credit Agreement. The undersigned hereby certifies, on behalf of the Borrower, that (A) no Event of Default has occurred and is continuing, (B) the Collateral Coverage Ratio as of the date hereof, giving pro forma effect to such release and any actions taken pursuant to Section 6.09(c)(B)(y), is [ ] to 1.0 and (C) [no Core Collateral Failure has occurred as a result of such Borrower Release]/[the Borrower shall grant a security interest in additional assets pledged as Additional Collateral such that the Collateral would include at least one category of Core Collateral].][5]

[This certificate is being delivered in connection with a Permitted Disposition of Leased Collateral pursuant to clause (6)(B) of the definition of Permitted Disposition. The undersigned hereby certifies, on behalf of the Borrower, that the Collateral Coverage Ratio as of the date hereof, giving pro forma effect to such Permitted Disposition, is [ ] to 1.0.][6]

Annex A sets forth the calculation of the Collateral Coverage Ratio.

[Remainder of page intentionally left blank.]

5 For Collateral Coverage Ratio Certificate delivered pursuant to Section 6.09(c) of the Credit Agreement.
6 For Collateral Coverage Ratio Certificate delivered pursuant to clause 6(B) of the definition of Permitted Disposition.

IN WITNESS WHEREOF, the undersigned has hereunto set his name as of [ ].

AMERICAN AIRLINES, INC.

By: _____
Name:
Title:

Collateral Coverage Ratio Calculation

(1)	**If on the or before the 180th day following the Closing Date, the sum of:**	$
	(a) the Appraised Value of the Collateral (other than the Specified Real Property Assets)	$
	(b) the Appraised Value of the Specified Real Property Assets as of the Closing Date	$
	Total (sum of lines (a) and (b)	$
	If after the 180th day following the Closing Date, the Appraised Value of the Collateral	$
(2)	**Sum (without duplication) of the following:**	
	(a) The outstanding Total Revolving Extensions of Credit (other than LC Exposure that has been Cash Collateralized in accordance with Section 2.02(j) of the Credit Agreement)	$
	(b) *plus*, the aggregate outstanding principal amount of all Class B Term Loans	$
	(c) *plus*, the aggregate outstanding principal amount of all Pari Passu Senior Secured Debt	$
	(d) *plus*, the aggregate outstanding amount of all Designated Hedging Obligations that constitute "Obligations"	$
	(e) *plus*, the aggregate outstanding amount of all Designated Banking Product Obligations that constitute "Obligations"	$
	Total Obligations (sum of lines (a), (b), (c), (d) and (e)	$
	Ratio of (1) to (2):	

[Form of]

INTERCREDITOR AGREEMENT

dated as of [ ]

by and between

[ ]

as Original First Lien Agent,

and

[ ]
as [ ][i] **[First/Second]**[ii] **Lien Agent**

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Exhibits:

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Exhibit B — Additional Indebtedness Joinder
Exhibit C — First Lien Credit Agreement or [ ][i][First/Second Lien][ii] Credit Facility Joinder
Exhibit D — Trustee Joinder

INTERCREDITOR AGREEMENT

This Intercreditor Agreement (as amended, restated, supplemented, waived or otherwise modified from time to time pursuant to the terms hereof, this "Agreement") is entered into as of [ ] between [ ], in its capacity as collateral agent (together with its successors and assigns in such capacity from time to time and as further defined herein, the "Original First Lien Agent") for the Original First Lien Secured Parties referred to below, and [ ], in its capacity as collateral agent (together with its successors and assigns in such capacity from time to time and as further defined herein, the "[ ][i] [First/Second][ii] Lien Agent") for the [ ][i] [First/Second][ii] Lien Lenders referred to below party from time to time to the [ ][i] [First/Second][ii] Lien Credit Agreement referred to below. Capitalized terms defined in Article I hereof are used in this Agreement as so defined.

PRELIMINARY STATEMENT

Pursuant to the Original First Lien Credit Agreement, the Original First Lien Credit Agreement Lenders have agreed to make certain loans and other financial accommodations to or for the benefit of the Original First Lien Borrower.

Pursuant to the Original First Lien Credit Agreement, the Original First Lien Guarantors have agreed to guarantee the payment and performance of the Original First Lien Borrower's obligations under the Original First Lien Documents.

Pursuant to the [ ][i] [First/Second][ii] Lien Credit Facility, [ ][i] [First/Second][ii] Lien Creditors have agreed to make certain extensions of credit to or for the benefit of the [ ][iii] Borrower, as more particularly provided therein.

Pursuant to the [ ][i] [First/Second][ii] Lien Guarantees, the [ ][i] [First/Second][ii] Lien Guarantors have agreed to guarantee the payment and performance of the [ ][iii] Borrower's obligations under the [ ][i] [First/Second][ii] Lien Documents.

Pursuant to this Agreement, the Company may, from time to time, designate certain additional obligations of any Loan Party as "Additional Indebtedness" by executing and delivering an Additional Indebtedness Designation hereunder and by complying with the procedures set forth in Section 7.11 hereof, and the holders of such Additional Indebtedness and any other applicable Additional Credit Facility Secured Party shall thereafter constitute Senior Priority Creditors or Junior Priority Creditors (as so designated by the Company), as the case may be, and any Additional Agent therefor shall thereafter constitute a Senior Priority Agent or Junior Priority Agent (as so designated by the Company), as the case may be, for all purposes under this Agreement.

Each of the Original First Lien Agent (on behalf of the Original First Lien Secured Parties) and the [ ][i] [First/Second][ii] Lien Agent (on behalf of the [ ][i] [First/Second][ii] Lien Secured Parties) and, by their acknowledgment hereof, the Original First Lien Loan Parties and the [ ][i] [First/Second][ii] Lien Loan Parties, desire to agree to the relative priority of Liens on the Collateral and certain other rights, priorities and interests as provided herein.

Accordingly, in consideration of the foregoing and for other good and valuable consideration, receipt of which is hereby acknowledged, the parties hereto agree as follows:

ARTICLE I.

DEFINITIONS

Section 1.01 UCC Definitions. The following terms which are defined in the Uniform Commercial Code are used herein as so defined: Accounts, Chattel Paper, Deposit Accounts, Documents, Financial Assets, Instruments, Investment Property, Money, Security and Security Entitlements.

Section 1.02 Other Definitions. As used in this Agreement, the following terms shall have the meanings set forth below:

"Additional Agent" shall mean any one or more administrative agents, collateral agents, security agents, trustees or other representatives for or of any one or more Additional Credit Facility Secured Parties, and shall include any successor thereto, as well as any Person designated as an "Agent" under any Additional Credit Facility.

"Additional Bank Products Affiliate" shall mean any Person who (a) has entered into a Bank Products Agreement with any Additional Loan Party with the obligations of such Additional Loan Party thereunder being secured by one or more Additional Collateral Documents, (b) was an Additional Agent, an Additional Credit Facility Lender or an Affiliate of an Additional Credit Facility Lender on the date hereof, or at the time of entry into such Bank Products Agreement, or at the time of the designation referred to in the following clause (c), and (c) has been designated by the Company in accordance with the terms of one or more Additional Collateral Documents (provided that no Person shall, with respect to any Bank Products Agreement, be at any time a Bank Products Affiliate hereunder with respect to more than one Credit Facility).

"Additional Borrower" shall mean any Additional Loan Party that incurs or issues Additional Indebtedness under any Additional Credit Facility, together with its successors and assigns.

"Additional Collateral Documents" shall mean all "Collateral Documents" as defined in any Additional Credit Facility, and in any event shall include all security agreements, mortgages, deeds of trust, pledges and other collateral documents executed and delivered in connection with any Additional Credit Facility, and any other agreement, document or instrument pursuant to which a Lien is granted securing any Additional Obligations or under which rights or remedies with respect to such Liens are governed, in each case as the same may be amended, modified or supplemented from time to time.

"Additional Credit Facilities" shall mean (a) any one or more agreements, instruments and documents under which any Additional Indebtedness is or may be incurred, including any credit agreements, loan agreements, indentures, guarantees or other financing agreements, in each case as the same may be amended, supplemented, waived or otherwise modified from time to time, together with (b) if designated by the Company, any other agreement (including any

credit agreement, loan agreement, indenture or other financing agreement) extending the maturity of, consolidating, restructuring, refunding, replacing or refinancing all or any portion of the Additional Obligations, whether by the same or any other lender, debtholder or group of lenders or debtholders, or the same or any other agent, trustee or representative therefor, or otherwise, and whether or not increasing the amount of any Indebtedness that may be incurred thereunder; provided that all Indebtedness that is Senior Priority Debt incurred under such other agreements meets the requirements of Additional Indebtedness.

"Additional Credit Facility Lenders" shall mean one or more holders of Additional Indebtedness (or commitments therefor) that is or may be incurred under one or more Additional Credit Facilities, together with their successors, assigns and transferees, as well as any Person designated as an "Additional Credit Facility Lender" under any Additional Credit Facility.

"Additional Credit Facility Secured Parties" shall mean all Additional Agents, all Additional Credit Facility Lenders, all Additional Bank Products Affiliates and all Additional Hedging Affiliates, and all successors, assigns, transferees and replacements thereof, as well as any Person designated as an "Additional Credit Facility Secured Party" under any Additional Credit Facility; and with respect to any Additional Agent, shall mean the Additional Credit Facility Secured Party represented by such Additional Agent.

"Additional Documents" shall mean, with respect to any Indebtedness designated as Additional Indebtedness hereunder, any Additional Credit Facilities, any Additional Guarantees, any Additional Collateral Documents, any Bank Products Agreements between any Loan Party and any Additional Bank Products Affiliate, any Hedging Agreements between any Loan Party and any Additional Hedging Affiliate, those other ancillary agreements as to which any Additional Credit Facility Secured Party is a party or a beneficiary and all other agreements, instruments, documents and certificates, now or hereafter executed by or on behalf of any Loan Party or any of its respective Subsidiaries or Affiliates, and delivered to any Additional Agent, in connection with any of the foregoing or any Additional Credit Facility, including any intercreditor or joinder agreement among any of the Additional Credit Facility Secured Parties or among any of the Secured Parties and any Additional Credit Facility Secured Parties, in each case as the same may be amended, supplemented, waived or otherwise modified from time to time.

"Additional Effective Date" shall have the meaning set forth in Section 7.11(b).

"Additional Guarantees" shall mean any one or more guarantees of any Additional Obligations of any Additional Loan Party by any other Additional Loan Party in favor of any Additional Credit Facility Secured Party, in each case as the same may be amended, supplemented, waived or otherwise modified from time to time.

"Additional Guarantor" shall mean any Additional Loan Party that at any time has provided an Additional Guarantee.

"Additional Hedging Affiliate" shall mean any Person who (a) has entered into a Hedging Agreement with any Additional Loan Party with the obligations of such Additional Loan Party thereunder being secured by one or more Additional Collateral Documents, (b) was

an Additional Agent, an Additional Credit Facility Lender or an Affiliate of an Additional Credit Facility Lender at the time of entry into such Hedging Agreement, or on or prior to the date hereof, or at the time of the designation referred to in the following clause (c), and (c) has been designated by the Company in accordance with the terms of one or more Additional Collateral Documents (provided that no Person shall, with respect to any Hedging Agreement, be at any time a Hedging Affiliate hereunder with respect to more than one Credit Facility).

"Additional Indebtedness" shall mean any Additional Specified Indebtedness that

(a) is secured by a Lien on Collateral and is permitted to be so secured by:

(i) prior to the Discharge of Original First Lien Obligations, Section 6.06 of the Initial Original First Lien Credit Agreement (if the Initial Original First Lien Credit Agreement is then in effect) or the corresponding negative covenant restricting Liens contained in any other Original First Lien Credit Agreement then in effect if the Initial Original First Lien Credit Agreement is not then in effect (which covenant is designated in such Original First Lien Credit Agreement as applicable for purposes of this definition);

(ii) prior to the Discharge of [ ][i] [First/Second][ii] Lien Obligations, Section [ ][iv] of the [ ][i] [First/Second][ii] Lien Credit Facility (if the [ ][i] [First/Second][ii] Lien Credit Facility is then in effect) or the corresponding negative covenant restricting Liens contained in any other [ ][i] [First/Second][ii] Lien Credit Facility then in effect (which covenant is designated in such [ ][i] [First/Second][ii] Lien Credit Facility as applicable for purposes of this definition); and

(iii) prior to the Discharge of Additional Obligations, any negative covenant restricting Liens contained in any applicable Additional Credit Facility then in effect (which covenant is designated in such Additional Credit Facility as applicable for purposes of this definition); and

(b) is designated as "Additional Indebtedness" by the Original First Lien Borrower pursuant to an Additional Indebtedness Designation and in compliance with the procedures set forth in Section 7.11.

As used in this definition of "Additional Indebtedness", the term "Lien" shall have the meaning set forth (x) for purposes of the preceding clause (a)(i), prior to the Discharge of Original First Lien Obligations, in Section 1.01 of the Initial Original First Lien Credit Agreement (if the Initial Original First Lien Credit Agreement is then in effect), or in any other Original First Lien Credit Agreement then in effect (if the Initial Original First Lien Credit Agreement is not then in effect), (y) for purposes of the preceding clause (a)(ii), prior to the Discharge of [ ][i] [First/Second][ii] Lien Obligations, in Section [ ][v] of the [ ][i] [First/Second][ii] Lien Credit Facility (if the [ ][i] [First/Second][ii] Lien Credit Facility is then in effect), or in any other [ ][i] [First/Second][ii] Lien Credit Facility then in effect (if the [ ][i] [First/Second][ii] Lien Credit Facility is not then in effect), and (z) for purposes of the preceding clause (a)(iii), prior to the Discharge of Additional Obligations, in the applicable Additional Credit Facility then in effect.

"Additional Indebtedness Designation" shall mean a certificate of the Original First Lien Borrower with respect to Additional Indebtedness, substantially in the form of Exhibit A attached hereto.

"Additional Indebtedness Joinder" shall mean a joinder agreement executed by one or more Additional Agents in respect of any Additional Indebtedness subject to an Additional Indebtedness Designation on behalf of one or more Additional Credit Facility Secured Parties in respect of such Additional Indebtedness, substantially in the form of Exhibit B attached hereto.

"Additional Loan Party" shall mean the Original First Lien Borrower, Holdings (so long as it is a guarantor under any of the Additional Guarantees), each direct or indirect Subsidiary of the Original First Lien Borrower or any of its Affiliates that is or becomes a party to any Additional Document, and any other Person who becomes a guarantor under any of the Additional Guarantees.

"Additional Obligations" shall mean any and all loans and all other obligations, liabilities and indebtedness of every kind, nature and description, whether now existing or hereafter arising, whether arising before, during or after the commencement of any case with respect to any Additional Loan Party under the Bankruptcy Code or any other Insolvency Proceeding, owing by each Additional Loan Party from time to time under any Additional Document to any Additional Agent, any Additional Credit Facility Secured Parties or any of them, including any Additional Bank Products Affiliates or Additional Hedging Affiliates, whether for principal, premium interest (including interest and fees which, but for the filing of a petition in bankruptcy with respect to such Additional Loan Party, would have accrued on any Additional Obligation, whether or not a claim is allowed against such Additional Loan Party for such interest and fees in the related bankruptcy proceeding), reimbursement for amounts drawn under letters of credit, fees, expenses, indemnification or otherwise, and all other amounts owing or due under the terms of the Additional Documents, as amended, restated, modified, renewed, refunded, replaced or refinanced in whole or in part from time to time.

"Additional Specified Indebtedness" shall mean any Indebtedness that is or may from time to time be incurred by any Loan Party in compliance with:

(i) prior to the Discharge of Original First Lien Obligations, the Initial Original First Lien Credit Agreement (if the Initial Original First Lien Credit Agreement is then in effect) or any other Original First Lien Credit Agreement then in effect if the Initial Original First Lien Credit Agreement is not then in effect;

(ii) prior to the Discharge of [ ][i] [First/Second][ii] Lien Obligations, the [ ][i] [First/Second][ii] Lien Credit Facility (if the [ ][i] [First/Second][ii] Lien Credit Facility is then in effect) or any other [ ][i] [First/Second][ii] Lien Credit Facility then in effect; and

(iii) prior to the Discharge of Additional Obligations, any Additional Credit Facility then in effect.

As used in this definition of "Additional Specified Indebtedness", the term "Indebtedness" shall have the meaning set forth (x) for purposes of the preceding clause (i), prior to the Discharge of Original First Lien Obligations, in Section 1.01 of the Initial Original First

Lien Credit Agreement (if the Initial Original First Lien Credit Agreement is then in effect), or in any other Original First Lien Credit Agreement then in effect (if the Initial Original First Lien Credit Agreement is not then in effect), (y) for purposes of the preceding clause (ii), prior to the Discharge of Initial [ ][i] [First/Second][ii] Lien Obligations, in Section 1.01 of the [ ][i] [First/Second][ii] Lien Credit Facility (if the [ ][i] [First/Second][ii] Lien Credit Facility is then in effect), or in any other [ ][i] [First/Second][ii] Lien Credit Facility then in effect (if the [ ][i] [First/Second][ii] Lien Credit Facility is not then in effect), and (z) for purposes of the preceding clause (iii), prior to the Discharge of Additional Obligations, in the applicable Additional Credit Facility then in effect. In the event that any Indebtedness as defined in any such Credit Document shall not be Indebtedness as defined in any other such Credit Document, but is or may be incurred in compliance with such other Credit Document, such Indebtedness shall constitute Additional Specified Indebtedness for the purposes of such other Credit Document.

"Affiliate" shall mean, as to any Person, any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control," as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise. For purposes of this definition, the terms "controlling," "controlled by" and "under common control with" have corresponding meanings.

"Agent" shall mean any Senior Priority Agent or Junior Priority Agent.

"Agreement" shall have the meaning assigned thereto in the Preamble hereto.

"Airport Authority" shall mean any city or any public or private board or other body or organization chartered or otherwise established for the purpose of administering, operating or managing an airport or related facilities.

"Aircraft Related Equipment" shall mean aircraft (including engines, airframes, propellers and appliances), engines, propellers, spare parts, aircraft parts, simulators and other training devices, quick engine change kits, passenger loading bridges, other flight or ground service equipment, de-icers, ground support equipment, aircraft cleaning devices, materials handling equipment, passenger walkways and other similar equipment or other operating assets.

"Bank Products Affiliate" shall mean any Original First Lien Bank Products Affiliate, any [ ][i] [First/Second][ii] Lien Bank Products Affiliate or any Additional Bank Products Affiliate, as applicable.

"Bank Products Agreement" shall mean any agreement to provide treasury, depository and cash management services, netting services and automated clearing house transfers of funds services, including obligations for the payment of fees, interest, charges, expenses, attorneys' fees and disbursements in connection therewith. Treasury, depository and cash management services, netting services and automated clearing house transfers of funds services include, without limitation: corporate purchasing, fleet and travel credit card and prepaid card programs, electronic check processing, electronic receipt services, lockbox services, cash consolidation, concentration, positioning and investing, fraud prevention services, and disbursement services.

"Bankruptcy Code" shall mean The Bankruptcy Reform Act of 1978, as heretofore and hereafter amended, and codified as 11 U.S.C. Section 101 et seq.

"Bankruptcy Law" shall mean the Bankruptcy Code or any similar federal, state or foreign law for the relief of debtors.

"Borrower" shall mean any of the Original First Lien Borrower, the [ ][i] [First/Second][ii] Lien Borrower and any Additional Borrower.

"Business Day" shall mean a day other than a Saturday, Sunday or other day on which commercial banks in the City of New York are authorized or required by law to close.

"Capital Lease Obligation" shall mean, at the time any determination is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalized and reflected as a liability on a balance sheet prepared in accordance with GAAP, and the stated maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be prepaid by the lessee without payment of a penalty.

"Capital Stock" shall mean:

(1) in the case of a corporation, corporate stock;

(2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(3) in the case of a partnership or limited liability company, partnership interests (whether general or limited) or membership interests; and

(4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person,

but excluding from all of the foregoing clauses (1) through (4) any debt securities convertible into Capital Stock, whether or not such debt securities include any right of participation with Capital Stock.

"Cash Collateral" shall mean any Collateral consisting of Money or Cash Equivalents, any Security Entitlement and any Financial Assets.

"Cash Equivalents" shall mean, as of the date acquired, purchased or made, as applicable:

(A) marketable securities or other obligations (a) issued or directly and unconditionally guaranteed as to interest and principal by the United States government or (b) issued or unconditionally guaranteed as to interest and principal by any agency or instrumentality of the United States the obligations of which are backed by the full faith and credit of the United States, in each case maturing within three years after such date;

(B) direct obligations issued by any state of the United States of America or any political subdivision of any such state or any instrumentality thereof, in each case maturing within three years after such date and having a rating of at least A- (or the equivalent thereof) from S&P or A3 (or the equivalent thereof) from Moody's;

(C) obligations of domestic or foreign companies and their subsidiaries (including, without limitation, agencies, sponsored enterprises or instrumentalities chartered by an Act of Congress, which are not backed by the full faith and credit of the United States), including, without limitation, bills, notes, bonds, debentures, and mortgage-backed securities; provided that, in each case, the security has a maturity or weighted average life of three years or less from such date;

(D) investments in commercial paper maturing no more than one year after such date and having, on such date, a rating of at least A-2 from S&P or at least P-2 from Moody's;

(E) certificates of deposit (including investments made through an intermediary, such as the certificated deposit account registry service), bankers' acceptances, time deposits, Eurodollar time deposits and overnight bank deposits maturing within three years from such date and issued or guaranteed by or placed with, and any money market deposit accounts issued or offered by, any Original First Lien Credit Agreement Lender or by any commercial bank organized under the laws of the United States of America or any state thereof or the District of Columbia that has a combined capital and surplus and undivided profits of not less than $250,000,000;

(F) fully collateralized repurchase agreements with counterparties whose long term debt is rated not less than A- by S&P and A3 by Moody's and with a term of not more than six months from such date;

(G) investments in money in an investment company registered under the Investment Company Act of 1940, as amended, or in pooled accounts or funds offered through mutual funds, investment advisors, banks and brokerage houses which invest its assets in obligations of the type described in clauses (1) through (6) above, in each case, as of such date, including, but not be limited to, money market funds or short-term and intermediate bonds funds;

(H) shares of any money market mutual fund that, as of such date, (a) complies with the criteria set forth in SEC Rule 2a-7 under the Investment Company Act of 1940, as amended and (b) is rated AAA (or the equivalent thereof) by S&P and Aaa (or the equivalent thereof) by Moody's;

(I) auction rate preferred securities that, as of such date, have the highest rating obtainable from either S&P or Moody's and with a maximum reset date at least every 30 days;

(J) investments made pursuant to the Company's or any of its restricted subsidiaries' cash equivalents/short-term investment guidelines;

(K) deposits available for withdrawal on demand with commercial banks organized in the United States having capital and surplus in excess of $100,000,000;

(L) securities with maturities of three years or less from such date issued or fully guaranteed by any state, commonwealth or territory of the United States, by any political subdivision or taxing authority of any such state, commonwealth or territory or by any foreign government, the securities of which state, commonwealth, territory, political subdivision, taxing authority or foreign government (as the case may be) are rated at least A by S&P or A2 by Moody's; and

(M) any other securities or pools of securities that are classified under GAAP as cash equivalents or short-term investments on a balance sheet as of such date.

["Co-Branded Card Agreement(s)" shall mean that certain America West Co-Branded Card Agreement, dated as of January 25, 2005, between US Airways (as successor in interest to America West Airlines, Inc.) and Barclays Bank Delaware (as successor in interest to Juniper Bank), as amended, restated, supplemented or otherwise modified from time to time, including pursuant to that certain Assignment and First Amendment to the America West Co-Branded Card Agreement, dated as of August 8, 2005, among US Airways, America West Airlines, Inc. and Barclays Bank Delaware (as successor in interest to Juniper Bank) and any other similar agreements entered into by Parent or any of its Subsidiaries from time to time.][42]

"Collateral" shall mean all Property now owned or hereafter acquired by any Loan Party in or upon which a Lien is granted or purported to be granted to any Agent under any of the First Lien Collateral Documents, the [ ][i] [First/Second][ii] Lien Collateral Documents or the Additional Collateral Documents, together with all rents, issues, profits, products, and Proceeds thereof to the extent a Lien is granted or purported to be granted therein to the applicable Agent by such applicable documents, in each case other than any Excluded Cash Collateral.

"Company" shall mean American Airlines, Inc., a Delaware corporation, and any successor in interest thereto.

"Conforming Plan Reorganization" shall mean any Plan of Reorganization whose provisions are consistent with the provisions of this Agreement.

"Control Collateral" shall mean any Collateral consisting of any certificated Security, Investment Property, Deposit Account, Instruments, Chattel Paper and any other Collateral as to which a Lien may be perfected through possession or control by the secured party, or any agent therefor.

"Credit Documents" shall mean the Original First Lien Documents, the [ ][i] [First/Second][ii] Lien Documents and any Additional Documents.

"Credit Facility" shall mean the Original First Lien Credit Agreement, the [ ][i] [First/Second][ii] Lien Credit Facility or any Additional Credit Facility, as applicable.

"Creditor" shall mean any Senior Priority Creditor or Junior Priority Creditor.

42 AA to update.

"Designated Agent" shall mean any Additional Agent, any Original First Lien Agent under any Original First Lien Credit Agreement other than the Initial Original First Lien Credit Agreement, or any [ ][i] [First/Second][ii] Lien Agent under any [ ][i] [First/Second][ii] Lien Credit Facility other than the [ ][i] [First/Second][ii] Lien Credit Facility, in each case as the Original First Lien Borrower designates as a Designated Agent (as confirmed in writing by such Party if such designation is made after the execution of this Agreement by such Party or the joinder of such Party to this Agreement), as and to the extent so designated. Such designation may be for all purposes of this Agreement, or may be for one or more specified purposes hereunder or provisions hereof.

"DIP Financing" shall have the meaning set forth in Section 6.01(a).

"Discharge of Additional Obligations" shall mean, if any Indebtedness shall at any time have been incurred under any Additional Credit Facility, with respect to each Additional Credit Facility, (a) the payment in full in cash of the applicable Additional Obligations (other than any Additional Obligations owing to any Additional Bank Products Affiliate, Additional Hedging Affiliate or unasserted contingent indemnification or other obligations) that are outstanding and unpaid at the time all Additional Indebtedness under such Additional Credit Facility is paid in full in cash, (i) including (if applicable), with respect to amounts available to be drawn under outstanding letters of credit issued thereunder at such time (or indemnities or other undertakings issued pursuant thereto in respect of outstanding letters of credit at such time), delivery or provision of cash collateral or backstop letters of credit in respect thereof as and only to the extent required by the terms of any such Additional Credit Facility, but (ii) excluding unasserted contingent indemnification or other contingent obligations under the applicable Additional Credit Facility at such time, and (b) the termination of all then outstanding commitments to extend credit under the applicable Additional Documents at such time.

"Discharge of [ ][i] [First/Second][ii] Lien Obligations" shall mean, if any Indebtedness shall at any time have been incurred under any [ ][i] [First/Second][ii] Lien Credit Facility, with respect to each [ ][i] [First/Second][ii] Lien Credit Facility, (a) the payment in full in cash of the applicable [ ][i] [First/Second][ii] Lien Obligations that are outstanding and unpaid at the time all Indebtedness under the applicable [ ][i] [First/Second][ii] Lien Credit Facility is paid in full in cash, (i) including (if applicable), with respect to amounts available to be drawn under outstanding letters of credit issued thereunder at such time (or indemnities or other undertakings issued pursuant thereto in respect of outstanding letters of credit at such time), delivery or provision of cash or backstop letters of credit in respect thereof as and only to the extent required by the terms of any such [ ][i] [First/Second][ii] Lien Credit Facility, but (ii) excluding inchoate indemnification or other inchoate obligations under the applicable [ ][i] [First/Second][ii] Lien Credit Facility at such time, and (b) the termination of all then outstanding commitments to extend credit under the [ ][i] [First/Second][ii] Lien Documents at such time.

"Discharge of Junior Priority Obligations" shall mean the occurrence of all of [the Discharge of [ ][i] Second Lien Obligations and] the Discharge of Additional Obligations in respect of Junior Priority Debt.

"Discharge of Original First Lien Obligations" shall mean (a) the payment in full in cash of the applicable Original First Lien Obligations (other than any Original First Lien Obligations

owing to any Original First Lien Bank Products Affiliate, Original First Lien Hedging Affiliate or unasserted contingent indemnification or other obligations) that are outstanding and unpaid at the time all Indebtedness under the applicable Original First Lien Credit Agreement is paid in full in cash, (i) including (if applicable), with respect to amounts available to be drawn under outstanding letters of credit issued thereunder at such time (or indemnities or other undertakings issued pursuant thereto in respect of outstanding letters of credit at such time), delivery or provision of cash or backstop letters of credit in respect thereof as and only to the extent required by the terms of any such Original First Lien Credit Facility, but (ii) excluding inchoate indemnification or other inchoate obligations under the Original First Lien Credit Agreement at such time, and (b) the termination of all then outstanding commitments to extend credit under Original First Lien Documents at such time.

"Discharge of Senior Priority Obligations" shall mean the occurrence of all of Discharge of Original First Lien Obligations [the Discharge of [ ][i] First Lien Obligations] and the Discharge of Additional Obligations in respect of Senior Priority Debt.

"Disqualified Stock" shall have the meaning assigned thereto in the Initial Original First Lien Credit Agreement whether or not then in effect.

"Event of Default" shall mean an Event of Default under any Original First Lien Credit Agreement, any [ ][i] [First/Second][ii] Lien Credit Facility or any Additional Credit Facility.

"Excluded Cash Collateral" shall mean cash or Cash Equivalents pledged as collateral in respect of letters of credit issued under or pursuant to the Original First Lien Credit Agreement or cash or Cash Equivalents otherwise specifically pledged to any Senior Priority Creditor or group of Senior Priority Creditors that secures only the Senior Priority Obligations in respect of Bank Products Agreements or Hedging Agreements owing to such Senior Priority Creditors.

"Exercise Any Secured Creditor Remedies" or "Exercise of Secured Creditor Remedies" shall mean:

(i) the taking of any action to enforce or realize upon any Lien, including the institution of any foreclosure proceedings or the noticing of any public or private sale pursuant to Article 9 of the Uniform Commercial Code, or taking any action to enforce any right or power to repossess, replevy, attach, garnish, levy upon or collect the Proceeds of any Lien;

(ii) the exercise of any right or remedy provided to a secured creditor on account of a Lien under any of the Credit Documents, under applicable law, by self-help repossession, by notification to account obligors of any Grantor in an Insolvency Proceeding or otherwise, including the election to retain any of the Collateral in satisfaction of a Lien;

(iii) the taking of any action or the exercise of any right or remedy in respect of the collection on, set off against, marshaling of, injunction respecting or foreclosure on the Collateral or the Proceeds thereof;

(iv) the appointment of a receiver, receiver and manager or interim receiver of all or part of the Collateral;

(v) the sale, lease, license, or other disposition of all or any portion of the Collateral by private or public sale pursuant to Article 9 of the Uniform Commercial Code or any other means permissible under applicable law in connection with the exercise of any right or remedy of a secured creditor under applicable law;

(vi) the exercise of any other right of a secured creditor under Part 6 of Article 9 of the Uniform Commercial Code;

(vii) the exercise of any voting rights relating to any Capital Stock included in the Collateral; and

(viii) the delivery of any notice, claim or demand relating to the Collateral to any Person (including any securities intermediary, depository bank or landlord) in possession or control of any Collateral;

provided that (i) filing a proof of claim or statement of interest in any Insolvency Proceeding, (ii) the acceleration of the Junior Priority Obligations or the Senior Priority Obligations, (iii) the imposition of a default rate or late fee, (iv) the cessation of lending pursuant to the provisions of the Junior Priority Obligations or the Senior Priority Documents, (v) the consent by any Junior Priority Agent or any Senior Priority Agent to disposition by any Grantor of any of the Collateral or the consent by the Junior Priority Representative or the Senior Priority Representative to disposition by any Grantor of any of the Collateral or (vi) seeking adequate protection shall not be deemed to be an Exercise of Secured Creditor Remedies.

"Financing Lease" shall mean any lease of property, real or personal, the obligations of the lessee in respect of which are required to be capitalized on a balance sheet of the lessee in accordance with GAAP.

"Flyer Miles Obligations" shall mean, at any date of determination, all payment and performance obligations of the Borrower under any card marketing agreement with respect to credit cards co-branded by the Borrower and a financial institution which may include obligations in respect of the pre-purchase by third parties of frequent flyer miles and any other similar agreements entered into by Parent or any of its Subsidiaries with any bank from time to time.

"GAAP" shall mean generally accepted accounting principles in the United States of America, which are in effect from time to time, including those set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants, statements and pronouncements of the Financial Accounting Standards Board, such other statements by such other entity as have been approved by a significant segment of the accounting profession and the rules and regulations of the SEC governing the inclusion of financial statements in periodic reports required to be filed pursuant to Section 13 of the Exchange Act, including opinions and pronouncements in staff accounting bulletins and similar written statements from the accounting staff of the SEC. Notwithstanding the foregoing definition, with respect to leases (whether or not they are required to be capitalized on a Person's

balance sheet under generally accepted accounting principles in the United States of America in effect as of the date of this Agreement) and with respect to financial matters related to leases, including assets, liabilities and items of income and expense, "GAAP" shall mean , and determinations and calculations shall be made in accordance with, generally accepted accounting principles in the United States of America, which are in effect as of the date hereof.

"Governmental Authority" shall mean the government of the United States of America, any other nation or any political subdivision thereof, whether state or local, and any agency (including without limitation the DOT and the FAA), authority, instrumentality, regulatory body, court, central bank organization, or other entity exercising executive, legislative, judicial, taxing or regulatory powers or functions of or pertaining to government (including any supra-national bodies such as the European Union). Governmental Authority shall not include any Person in its capacity as an Airport Authority.

"Grantor" shall mean any Grantor as defined in the Original First Lien Collateral Documents, in the [ ][i] [First/Second][ii] Lien Collateral Documents or in the Additional Collateral Documents, as the context requires.

"Guarantor" shall mean any of the Original First Lien Guarantors, the [ ][i] [First/Second][ii] Lien Guarantors and any Additional Guarantors.

"Hedging Affiliate" shall mean any Original First Lien Hedging Affiliate, any [ ][i] [First/Second][ii] Lien Hedging Affiliate or any Additional Hedging Affiliate, as applicable.

"Hedging Agreement" shall mean any agreement evidencing Hedging Obligations.

"Hedging Obligations" shall mean, with respect to any Person, all obligations and liabilities of such Person under:

(A) interest rate swap agreements (whether from fixed to floating or from floating to fixed), interest rate cap agreements and interest rate collar agreements;

(B) other agreements or arrangements designed to manage interest rates or interest rate risk; and

(C) other agreements or arrangements designed to protect such Person against fluctuations in currency exchange rates, fuel prices or other commodity prices, but excluding (x) clauses in purchase agreements and maintenance agreements pertaining to future prices and (y) fuel purchase agreements and fuel sales that are for physical delivery of the relevant commodity.

"Holdings" shall mean American Airlines Group Inc., a Delaware corporation, and any successor in interest thereto.

"Impairment" shall (a) with respect to the Senior Priority Obligations, have the meaning set forth in Section 2.01(i), and (b) with respect to the Junior Priority Obligations, have the meaning set forth in Section 2.01(j).

"Indebtedness" shall mean, with respect to any specified Person, any indebtedness of such Person (excluding air traffic liability, accrued expenses and trade payables), whether or not contingent:

(A) in respect of borrowed money;

(B) evidenced by bonds, notes, debentures or similar instruments or letters of credit (or reimbursement agreements in respect thereof);

(C) in respect of banker's acceptances;

(D) representing Capital Lease Obligations;

(E) representing the balance deferred and unpaid of the purchase price of any property or services due more than six months after such property is acquired or such services are completed, and excluding in any event trade payables arising in the ordinary course of business; or

(F) representing any Hedging Obligations,

if and to the extent any of the preceding items (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet of the specified Person prepared in accordance with GAAP. In addition, the term "Indebtedness" includes all Indebtedness of others secured by a Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person) and, to the extent not otherwise included, the guarantee by the specified Person of any Indebtedness of any other Person. Indebtedness shall be calculated without giving effect to the effects of Statement of Financial Accounting Standards No. 133 and related interpretations to the extent such effects would otherwise increase or decrease an amount of Indebtedness for any purpose under the Original First Lien Credit Agreement as a result of accounting for any embedded derivatives created by the terms of such Indebtedness.

For the avoidance of doubt, (a) obligations under Bank Products Agreements, (b) obligations under leases (other than leases determined to be Capital Lease Obligations under GAAP as in effect on the date of the Original First Lien Credit Agreement), (c) obligations to fund pension plans and retiree liabilities, (d) Disqualified Stock and preferred stock, (e) Flyer Miles Obligations and other obligations in respect of the pre-purchase by others of frequent flyer miles, (f) maintenance deferral agreements, (g) an amount recorded as Indebtedness in such Person's financial statements solely by operation of Financial Accounting Standards Board Accounting Standards Codification 840-40-55 or any successor provision of GAAP but which does not otherwise constitute Indebtedness as defined hereinabove, (h) obligations under the Co-Branded Card Agreements, (i) a deferral of pre-delivery payments relating to the purchases of Aircraft Related Equipment and (j) obligations under flyer miles participation agreements do not constitute Indebtedness, whether or not such obligations would appear as a liability upon a balance sheet of a specified Person (except that the Borrower may elect that, for the purposes of designating Additional Indebtedness under Section 7.11 (and any related definitions and provisions), any of the above items or any other obligations may constitute "Indebtedness").

"Insolvency Proceeding" shall mean, with respect to any Person, (a) any case, action or proceeding before any court or other Governmental Authority relating to bankruptcy, reorganization, insolvency, liquidation, receivership, dissolution, winding up or relief of debtors, or (b) any general assignment for the benefit of creditors, composition, marshalling of assets for creditors or other similar arrangement in respect of its creditors generally or any substantial portion of its creditors; in each case covered by clauses (a) and (b) undertaken under United States Federal, State or foreign law, including the Bankruptcy Code.

"Junior Intervening Creditor" shall have the meaning assigned thereto in Section 4.01(h).

"Junior Priority Agent" shall mean [any of the [ ]i Second Lien Agent or]vi any Additional Agent under any Junior Priority Documents.

"Junior Priority Collateral Documents" shall mean [the [ ]i Second Lien Collateral Documents and]vii any Additional Collateral Documents in respect of any Junior Priority Obligations.

"Junior Priority Credit Facility" shall mean [the [ ]i Second Lien Credit Facility and]vii any Additional Credit Facility in respect of any Junior Priority Obligations.

"Junior Priority Creditors" shall mean [the [ ]i Second Lien Creditors and]vii any Additional Credit Facility Secured Party in respect of any Junior Priority Obligations.

"Junior Priority Debt" shall mean[:

(i) all [ ]i Second Lien Obligations; and

(ii)]vii any Additional Obligations of any Loan Party so long as on or before the date on which the relevant Additional Indebtedness is incurred, such Indebtedness is designated by the Company as "Junior Priority Debt" in the relevant Additional Indebtedness Designation delivered pursuant to Section 7.11(a)(iii).

"Junior Priority Documents" shall mean [the [ ]i Second Lien Facility Documents and]vii any Additional Documents in respect of any Junior Priority Obligations.

"Junior Priority Lien" shall mean a Lien granted or purported to be granted [(a) pursuant to a [ ]i Second Lien Collateral Document to the [ ]i Second Lien Agent or (b)]vii pursuant to an Additional Collateral Document to any Additional Agent for the purpose of securing Junior Priority Obligations.

"Junior Priority Obligations" shall mean [the [ ]i Second Lien Obligations and]vii any Additional Obligations constituting Junior Priority Debt.

"Junior Priority Representative" shall mean the Junior Priority Agent designated by the Junior Priority Agents to act on behalf of the Junior Priority Agents hereunder, acting in such capacity. [The Junior Priority Representative shall initially be the [ ]i Second Lien Agent under the [ ]i Second Lien Credit Facility while the [ ]i Second Lien Credit Facility is in effect; if the [ ]i Second Lien Credit Facility is not in effect, the Junior Priority Representative shall be

the [ ][i] Second Lien Agent under the relevant subsequent [ ][i] Second Lien Documents acting for the Junior Priority Secured Parties, unless the exposure of the corresponding Junior Priority Secured Parties under any other Additional Documents in respect of other Junior Priority Obligations exceeds the exposure of the relevant Junior Priority Secured Parties under such subsequent [ ][i] Second Lien Documents, and in such case, the Junior Priority Agent under the Junior Priority Documents under which the relevant Junior Priority Secured Parties have the greatest exposure (unless otherwise agreed in writing among the Junior Priority Agents).][vii]

"Junior Priority Secured Parties" shall mean, at any time, all of the Junior Priority Agents and all of the Junior Priority Creditors.

"Lien" shall mean any mortgage, pledge, hypothecation, assignment for purposes of security, security deposit arrangement, encumbrance, lien (statutory or other), charge or other security interest or any preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including any conditional sale or other title retention agreement and any Financing Lease having substantially the same economic effect as any of the foregoing).

"Lien Priority" shall mean, with respect to any Lien of the Original First Lien Agent, the Original First Lien Secured Parties, the [ ][i] [First/Second][ii] Lien Agent, the [ ][i] [First/Second][ii] Lien Secured Parties or any Additional Credit Facility Secured Party in the Collateral, the order of priority of such Lien as specified in Section 2.01.

"Loan Parties" shall mean the Original First Lien Loan Parties, the [ ][i] [First/Second][ii] Lien Loan Parties and any Additional Loan Parties.

"Moody's" shall mean Moody's Investors Service, Inc. or any successor rating agency.

"Original First Lien Agent" shall mean Citibank, N.A. in its capacity as collateral agent under the Original First Lien Credit Agreement, together with its successors and assigns in such capacity from time to time, as well as any Person designated as the "Agent" or "Collateral Agent" under the Original First Lien Credit Agreement.

"Original First Lien Bank Products Affiliate" shall mean any Person who (a) has entered into a Bank Products Agreement with any First Lien Loan Party with the obligations of such First Lien Loan Party thereunder being secured by First Lien Collateral Documents, (b) was an Original First Lien Credit Agreement Lender or an Affiliate of an Original First Lien Credit Agreement Lender on the date hereof, or at the time of entry into such Bank Products Agreement, or at the time of the designation referred to in the following clause (c), and (c) has been designated by the Company in accordance with the terms of the Original First Lien Collateral Documents (provided that no Person shall, with respect to any Bank Products Agreement, be at any time a Bank Products Affiliate hereunder with respect to more than one Credit Facility).

"Original First Lien Borrower" shall mean the Company, in its capacity as borrower under the Original First Lien Credit Agreement, together with its successors and assigns.

"Original First Lien Collateral Documents" shall mean all "Collateral Documents" as defined in the Original First Lien Credit Agreement, and all other security agreements, mortgages, deeds of trust and other collateral documents executed and delivered in connection with the Original First Lien Credit Agreement, and any other agreement, document or instrument pursuant to which a Lien is granted securing the Original First Lien Obligations or under which rights or remedies with respect to such Liens are governed, in each case as the same may be amended, modified or supplemented from time to time.

"Original First Lien Credit Agreement" shall mean (a) that certain Amended and Restated Credit and Guaranty Agreement, dated as of December 15, 2016, by and among, inter alios, the Company, Holdings, the Original First Lien Credit Agreement Lenders party thereto and the Original First Lien Agent, as amended, restated, supplemented, waived or otherwise modified from time to time (the "Initial Original First Lien Credit Agreement"), together with (b) if designated by the Original First Lien Borrower, any other agreement (including any credit agreement, loan agreement, indenture or other financing agreement) extending the maturity of, consolidating, restructuring, refunding, replacing or refinancing all or any portion of the Original First Lien Obligations, whether by the same or any other lender, debt holder or group of lenders or debt holders or the same or any other agent, trustee or representative therefor and whether or not increasing the amount of any Indebtedness that may be incurred thereunder.

"Original First Lien Credit Agreement Lender" shall mean one or more holders of Indebtedness (or commitments therefor) that is or may be incurred under the Original First Lien Credit Agreement, together with their successors, assigns and transferees, as well as any Person designated as an "Original First Lien Credit Agreement Lender" under the Original First Lien Credit Agreement.

"Original First Lien Documents" shall mean the Original First Lien Credit Agreement, the Original First Lien Guarantees, the Original First Lien Collateral Documents, any Bank Products Agreements between any Original First Lien Loan Party and any Original First Lien Bank Products Affiliate, any Hedging Agreements between any Original First Lien Loan Party and any First Lien Hedging Affiliate, and those other ancillary agreements as to which the Original First Lien Agent or any Original First Lien Credit Agreement Lender is a party or a beneficiary and all other agreements, instruments, documents and certificates, now or hereafter executed by or on behalf of any Original First Lien Loan Party or any of its respective Subsidiaries or Affiliates, and delivered to the Original First Lien Agent, in connection with any of the foregoing, in each case as the same may be amended, supplemented, waived or otherwise modified from time to time.

"Original First Lien Guarantees" shall mean all guarantees, including, without limitation, the guarantee under the Original First Lien Credit Agreement, of any Original First Lien Obligations of any Original First Lien Loan Party by any other Original First Lien Loan Party in favor of any Original First Lien Secured Party, in each case as amended, restated, supplemented, waived or otherwise modified from time to time.

"Original First Lien Guarantors" shall mean the collective reference to Holdings (so long as it is a guarantor under any of the Original First Lien Guarantees), each of the Company's Subsidiaries that is a guarantor under any of the Original First Lien Guarantees and any other Person who becomes a guarantor under any of the Original First Lien Guarantees.

"Original First Lien Hedging Affiliate" shall mean any Person who (a) has entered into a Hedging Agreement with any First Lien Loan Party with the obligations of such First Lien Loan Party thereunder being secured by the Original First Lien Collateral Documents, (b) was an Original First Lien Credit Agreement Lender or an Affiliate of an Original First Lien Credit Agreement Lender at the time of entry into such Hedging Agreement, or on or prior to the date hereof, or at the time of the designation referred to in the following clause (c) and (c) has been designated by the Company in accordance with the terms of the Original First Lien Collateral Documents (provided that no Person shall, with respect to any Hedging Agreement, be at any time a Hedging Affiliate hereunder with respect to more than one Credit Facility).

"Original First Lien Loan Parties" shall mean the Original First Lien Borrower, the Original First Lien Guarantors and each other direct or indirect Subsidiary of the Company or any of its Affiliates that is now or hereafter becomes a party to any Original First Lien Document as a "loan party".

"Original First Lien Obligations" shall mean any and all loans and all other obligations, liabilities and indebtedness of every kind, nature and description, whether now existing or hereafter arising, whether arising before, during or after the commencement of any case with respect to any Original First Lien Loan Party under the Bankruptcy Code or any other Insolvency Proceeding, owing by each Original First Lien Loan Party from time to time under any Original First Lien Document to the Original First Lien Agent, any Original First Lien Credit Agreement Lender or to the extent included in the definition of "Obligations" under the Original First Lien Credit Agreement any Original First Lien Bank Products Affiliate or Original First Lien Hedging Affiliate, whether for principal, premium interest (including interest and fees which, but for the filing of a petition in bankruptcy with respect to such Original First Lien Loan Party, would have accrued on any Original First Lien Obligation, whether or not a claim is allowed against such Original First Lien Loan Party for such interest and fees in the related bankruptcy proceeding), reimbursement for amounts drawn under letters of credit, fees, expenses, indemnification or otherwise, and all other amounts owing or due under the terms of the Original First Lien Documents, as amended, restated, modified, renewed, refunded, replaced or refinanced in whole or in part from time to time.

"Original First Lien Secured Parties" shall mean the Original First Lien Agent, all Original First Lien Credit Agreement Lenders, together with all Original First Lien Bank Products Affiliates and all Original First Lien Hedging Affiliates, and all successors, assigns, transferees and replacements thereof, as well as any Person designated as an "Original First Lien Secured Party" under the Original First Lien Credit Agreement.

"Party" shall mean any of the Original First Lien Agent, the [ ][i] [First/Second][ii] Lien Agent or any Additional Agent, and "Parties" shall mean all of the Original First Lien Agent, the [ ][i] [First/Second][ii] Lien Agent and any Additional Agent.

"Person" shall mean an individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, Governmental Authority or other entity of whatever nature.

"Plan of Reorganization" shall mean any plan of reorganization, plan of liquidation, agreement for composition, or other type of plan of arrangement proposed in or in connection with any Insolvency Proceeding.

"Proceeds" shall mean (a) all "proceeds", as defined in Article 9 of the Uniform Commercial Code, with respect to the Collateral and (b) whatever is recoverable or recovered when any Collateral is sold, exchanged, collected, or disposed of, whether voluntarily or involuntarily.

"Property" shall mean any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible.

"Requisite Senior Priority Holders" shall mean Senior Priority Secured Parties holding, in the aggregate, in excess of 50% of the aggregate principal amount of the Senior Priority Obligations (other than Senior Priority Obligations in respect of Bank Products Agreements or Hedging Agreements at any time and for so long as there are any outstanding Senior Priority Obligations in respect of any Senior Priority Credit Facility); provided that, (x) if the matter being consented to or the action being taken by the Senior Priority Representative is the subordination of Liens to other Liens, or the consent to a sale of all or substantially all of the Collateral, then "Requisite Senior Priority Holders" shall mean those Senior Priority Secured Parties necessary to validly consent to the requested action in accordance with the applicable Senior Priority Documents and (y) except as may be separately otherwise agreed in writing by and between or among each Senior Priority Agent, on behalf of itself and the Senior Priority Creditors represented thereby, if the matter being consented to or the action being taken by the Senior Priority Representative will affect any Series of Senior Priority Debt in a manner different and materially adverse relative to the manner such matter or action affects any other Series of Senior Priority Debt (except to the extent expressly set forth in this Agreement), then "Requisite Senior Priority Holders" shall mean (1) Senior Priority Secured Parties holding, in the aggregate, in excess of 50% of the aggregate principal amount of the Senior Priority Obligations (other than Senior Priority Obligations in respect of Bank Products Agreements or Hedging Agreements at any time and for so long as there are any outstanding Senior Priority Obligations in respect of any Senior Priority Credit Facility) and (2) Senior Priority Secured Parties holding, in the aggregate, in excess of 50% of the aggregate principal amount of each applicable detrimentally affected Series of Senior Priority Debt (other than Senior Priority Obligations in respect of Bank Products Agreements or Hedging Agreements at any time and for so long as there are any outstanding Senior Priority Obligations in respect of any Senior Priority Credit Facility).

"S&P" shall mean S&P Global Ratings.

"Secured Parties" shall mean the Senior Priority Secured Parties and the Junior Priority Secured Parties.

"Senior Intervening Creditor" shall have the meaning assigned thereto in Section 4.01(g).

"Senior Priority Agent" shall mean any of the Original First Lien Agent[, the [ ] First Lien Agent][vii] or any Additional Agent under any Senior Priority Documents.

"Senior Priority Collateral Documents" shall mean the Original First Lien Collateral Documents[, the [ ] First Lien Collateral Documents][viii] and any Additional Collateral Documents in respect of Senior Priority Obligations.

"Senior Priority Credit Facility" shall mean the Original First Lien Credit Agreement[, the [ ] First Lien Credit Agreement][viii] and any Additional Credit Facility in respect of any Senior Priority Obligations; provided that all Indebtedness that is Senior Priority Debt incurred under such facility agreement meets the requirements of Additional Indebtedness.

"Senior Priority Creditors" shall mean the Original First Lien Secured Parties[, the [ ] First Lien Secured Parties][viii] and any Additional Credit Facility Secured Party in respect of any Senior Priority Obligations.

"Senior Priority Debt" shall mean:

(i) all Original First Lien Obligations;

[(ii) all [ ] First Lien Obligations;][viii] and

[(ii/iii)] any Additional Obligations of any Loan Party so long as on or before the date on which the relevant Additional Indebtedness is incurred, such Indebtedness is designated by the Company as "Senior Priority Debt" in the relevant Additional Indebtedness Designation delivered pursuant to Section 7.11(a)(iii).

"Senior Priority Documents" shall mean the Original First Lien Documents[, the [ ] First Lien Documents][viii] and any Additional Documents in respect of any Senior Priority Obligations.

"Senior Priority Lien" shall mean a Lien granted (a) by an Original First Lien Collateral Document to the Original First Lien Agent[, (b) a [ ] First Lien Collateral Document to [ ] First Lien Agent]viii or [(b/c)] by an Additional Collateral Document to any Additional Agent for the purpose of securing Senior Priority Obligations.

"Senior Priority Obligations" shall mean the Original First Lien Obligations[, the [ ] First Lien Obligations][viii] and any Additional Obligations constituting Senior Priority Debt.

"Senior Priority Recovery" shall have the meaning set forth in Section 5.03.

"Senior Priority Representative" shall mean the Original First Lien Agent acting for the Senior Priority Secured Parties, until the Discharge of Original First Lien Obligations, and thereafter (unless otherwise agreed in writing between [the [ ] First Lien Agent and][viii] any Additional Agents under any Senior Priority Documents), [the [ ] First Lien Agent or] viii any Additional Agent under any Senior Priority Documents (or, if there are then in effect Senior Priority Documents with respect to more than one Series of Senior Priority Debt, the Senior Priority Documents under which the greatest principal amount of Senior Priority Obligations is outstanding at the time) acting for the Senior Priority Secured Parties.

"Senior Priority Secured Parties" shall mean, at any time, all of the Senior Priority Agents and all of the Senior Priority Creditors.

"Series of Junior Priority Debt" shall mean, severally, [(a) the Indebtedness outstanding under the [ ][i] Second Lien Credit Facility and (b)][vii] the Indebtedness outstanding under any Additional Credit Facility in respect of or constituting Junior Priority Debt.

"Series of Senior Priority Debt" shall mean, severally, (a) the Indebtedness outstanding under the Original First Lien Credit Agreement[, (b) the Indebtedness outstanding under the [ ] First Lien Credit Agreement,][viii] and [(b/c)] the Indebtedness outstanding under any Additional Credit Facility in respect of or constituting Senior Priority Debt.

"Standstill Period" shall have the meaning set forth in Section 2.03(a).

"Subsidiary" of any Person shall mean a corporation, partnership, limited liability company, or other entity (a) of which shares of stock or other ownership interests having ordinary voting power (other than stock or such other ownership interests having such power only by reason of the happening of a contingency) to elect a majority of the board of directors or other managers of such corporation, partnership, limited liability company or other entity are at the time owned by such Person, or (b) the management of which is otherwise controlled, directly or indirectly through one or more intermediaries, or both, by such Person and, in the case of this clause (b), which is treated as a consolidated subsidiary for accounting purposes.

"Uniform Commercial Code" shall mean the Uniform Commercial Code as the same may, from time to time, be in effect in the State of New York; provided that to the extent that the Uniform Commercial Code is used to define any term in any security document and such term is defined differently in differing Articles of the Uniform Commercial Code, the definition of such term contained in Article 9 shall govern; provided, further, that in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection, publication or priority of, or remedies with respect to, Liens of any Party is governed by the Uniform Commercial Code or foreign personal property security laws as enacted and in effect in a jurisdiction other than the State of New York, the term "Uniform Commercial Code" will mean the Uniform Commercial Code or such foreign personal property security laws as enacted and in effect in such other jurisdiction solely for purposes of the provisions thereof relating to such attachment, perfection, priority or remedies and for purposes of definitions related to such provisions.

"United States" shall mean the United States of America.

"[ ][i] [First/Second][ii] Lien Agent" shall mean [ ] in its capacity as collateral agent (or trustee by a joinder agreement substantially in the form of Exhibit D attached hereto or otherwise in form and substance reasonably satisfactory to any Senior Priority Agent) under the [ ][i] [First/Second][ii] Lien Credit Facility, together with its successors and assigns in such capacity from time to time, whether under the [ ][i] [First/Second][ii] Lien Credit Facility or any subsequent [ ][i] [First/Second][ii] Lien Credit Facility, as well as any Person designated as the "Agent" or "Collateral Agent" under any [ ][i] [First/Second][ii] Lien Credit Facility.

"[ ][i] [First/Second][ii] Lien Bank Products Affiliate" shall mean any Person who (a) has entered into a Bank Products Agreement with any [ ][i] [First/Second][ii] Lien Loan Party with the

obligations of such [ ]i [First/Second]ii Lien Loan Party thereunder being secured by one or more [ ]i [First/Second]ii Lien Collateral Documents, (b) was a [ ]i [First/Second]ii Lien Agent, a [ ]i [First/Second]ii Lien Credit Facility Lender or an Affiliate of a [ ]i [First/Second]ii Lien Credit Facility Lender on the date hereof, or at the time of entry into such Bank Products Agreement, or at the time of the designation referred to in the following clause (c), and (c) has been designated by the Company in accordance with the terms of one or more [ ]i [First/Second]ii Lien Collateral Documents (provided that no Person shall, with respect to any Bank Products Agreement, be at any time a Bank Products Affiliate hereunder with respect to more than one Credit Facility).

"[ ]i [First/Second]ii Lien Borrower" shall mean the Company, in its capacity as borrower under the [ ]i [First/Second]ii Lien Credit Facility, together with its successors and assigns.

"[ ]i [First/Second]ii Lien Collateral Documents" shall mean all "Collateral Documents" as defined in the [ ]i [First/Second]ii Lien Credit Facility, and all other security agreements (including, without limitation, aircraft security agreements), mortgages, deeds of trust and other collateral documents executed and delivered in connection with any [ ]i [First/Second]ii Lien Credit Facility, and any other agreement, document or instrument pursuant to which a Lien is granted securing any [ ]i [First/Second]ii Lien Obligations or under which rights or remedies with respect to such Liens are governed, in each case as the same may be amended, modified or supplemented from time to time.

"[ ]i [First/Second]ii Lien Credit Facility" shall mean (a) if the [ ]i [First/Second]ii Lien Credit Facility is then in effect, the [ ]i [First/Second]ii Lien Credit Facility, and (b) thereafter, if designated by the Company, any other credit agreement, loan agreement, note agreement, promissory note, indenture or other agreement or instrument evidencing or governing the terms of any indebtedness or other financial accommodation that complies with clause (a)(ii) of the definition of "Additional Indebtedness" and that has been incurred to refund, refinance, restructure, replace, renew, repay, increase or extend (whether in whole or in part and whether with the original agent and creditors or other agents and creditors or otherwise) the indebtedness and other obligations outstanding under (x) the [ ]i [First/Second]ii Lien Credit Facility or (y) any subsequent [ ]i [First/Second]ii Lien Credit Facility (in each case, as amended, restated, supplemented, waived or otherwise modified from time to time); provided, that the requisite creditors party to such [ ]i [First/Second]ii Lien Credit Facility (or their agent or other representative on their behalf) shall agree, by a joinder agreement substantially in the form of Exhibit C attached hereto or otherwise in form and substance reasonably satisfactory to any Senior Priority Agent (other than any Designated Agent) (or, if there is no continuing Senior Priority Agent other than any Designated Agent, as designated by the Company), that the obligations under such [ ]i [First/Second]ii Lien Credit Facility are subject to the terms and provisions of this Agreement. Any reference to the [ ]i [First/Second]ii Lien Credit Facility shall be deemed a reference to any [ ]i [First/Second]ii Lien Credit Facility then in existence.

"[ ]i [First/Second]ii Lien Credit Facility Lenders" shall mean one or more holders of Indebtedness (or commitments therefor) that is or may be incurred under the [ ]i [First/Second]ii Lien Credit Facility, together with their successors, assigns and transferees, as well as any Person designated as a[n] "[ ]i [First/Second]ii Lien Credit Facility Lender" under any [ ]i [First/Second]ii Lien Credit Facility.

"[ ]i [First/Second]ii Lien Creditors" shall mean all [ ]i [First/Second]ii Lien Credit Facility Lenders, all [ ]i [First/Second]ii Lien Bank Products Affiliates and all [ ]i [First/Second]ii Lien Hedging Affiliates, and all successors, assigns, transferees and replacements thereof, as well as any Person designated as a[n] "[ ]i [First/Second]ii Lien Creditor" under any [ ]i [First/Second]ii Lien Credit Facility.

"[ ]i [First/Second]ii Lien Documents" shall mean the [ ]i [First/Second]ii Lien Credit Facility, the [ ]i [First/Second]ii Lien Guarantees, the [ ]i [First/Second]ii Lien Collateral Documents, any Bank Products Agreements between any [ ]i [First/Second]ii Lien Loan Party and any [ ]i [First/Second]ii Lien Bank Products Affiliate, any Hedging Agreements between any [ ]i [First/Second]ii Lien Loan Party and any [ ]i [First/Second]ii Lien Hedging Affiliate, those other ancillary agreements as to which the [ ]i [First/Second]ii Lien Agent or any [ ]i [First/Second]ii Lien Secured Party is a party or a beneficiary and all other agreements, instruments, documents and certificates, now or hereafter executed by or on behalf of any [ ]i [First/Second]ii Lien Loan Party or any of its respective Subsidiaries or Affiliates, and delivered to the [ ]i [First/Second]ii Lien Agent, in connection with any of the foregoing or any [ ]i [First/Second]ii Lien Credit Facility, in each case as the same may be amended, supplemented, waived or otherwise modified from time to time.

"[ ]i [First/Second]ii Lien Guarantees" shall mean the guarantees of the [ ]i [First/Second]ii Lien Guarantors pursuant to the Guarantee and Collateral Agreement (as defined in the Original [ ]i [First/Second]ii Lien Credit Facility), and all other guarantees of any [ ]i [First/Second]ii Lien Obligations of any [ ]i [First/Second]ii Lien Loan Party in favor of any [ ]i [First/Second]ii Lien Secured Party, in each case as the same may be amended, supplemented, waived or otherwise modified from time to time.

"[ ]i [First/Second]ii Lien Guarantors" shall mean the collective reference to Holdings (so long as it is a Guarantor under any of the [ ]i [First/Second]ii Lien Guarantees), each of the Company's Subsidiaries that is a guarantor under any of the [ ]i [First/Second]ii Lien Guarantees and any other Person who becomes a guarantor under any of the [ ]i [First/Second]ii Lien Guarantees.

"[ ]i [First/Second]ii Lien Hedging Affiliate" shall mean any Person who (a) has entered into a Hedging Agreement with any [ ]i [First/Second]ii Lien Loan Party with the obligations of such [ ]i [First/Second]ii Lien Loan Party thereunder being secured by one or more [ ]i [First/Second]ii Lien Collateral Documents, (b) was a[n] [ ]i [First/Second]ii Lien Agent, a[n] [ ]i [First/Second]ii Lien Credit Facility Lender or an Affiliate of a[n] [ ]i [First/Second]ii Lien Credit Facility Lender at the time of entry into such Hedging Agreement, or on or prior to the date hereof, or at the time of the designation referred to in the following clause (c), and (c) has been designated by the Company in accordance with the terms of one or more [ ]i [First/Second]ii Lien Collateral Documents (provided that no Person shall, with respect to any Hedging Agreement, be at any time a Hedging Affiliate hereunder with respect to more than one Credit Facility).

"[ ]i [First/Second]ii Lien Loan Parties" shall mean the [ ]i [First/Second]ii Lien Borrower, the [ ]i [First/Second]ii Lien Guarantors and each other direct or indirect Subsidiary of the Company or any of its Affiliates that is now or hereafter becomes a party to any [ ]i [First/Second]ii Lien Document.

"[ ]i [First/Second]ii Lien Obligations" shall mean any and all loans and all other obligations, liabilities and indebtedness of every kind, nature and description, whether now existing or hereafter arising, whether arising before, during or after the commencement of any case with respect to any [ ]i [First/Second]ii Lien Loan Party under the Bankruptcy Code or any other Insolvency Proceeding, owing by each [ ]i [First/Second]ii Lien Loan Party from time to time under any [ ]i [First/Second]ii Lien Document to any [ ]i [First/Second]ii Lien Agent, any [ ]i [First/Second]ii Lien Creditors or any of them, any [ ]i [First/Second]ii Lien Bank Products Affiliates or [ ]i [First/Second]ii Lien Hedging Affiliates, whether for principal, interest (including interest and fees which, but for the filing of a petition in bankruptcy with respect to such [ ]i [First/Second]ii Lien Loan Party, would have accrued on any [ ]i [First/Second]ii Lien Obligation, whether or not a claim is allowed against such [ ]i [First/Second]ii Lien Loan Party for such interest and fees in the related bankruptcy proceeding), reimbursement for amounts drawn under letters of credit, fees, expenses, indemnification or otherwise, and all other amounts owing or due under the terms of the [ ]i [First/Second]ii Lien Documents, as amended, restated, modified, renewed, refunded, replaced or refinanced in whole or in part from time to time; provided that all Indebtedness that is Senior Priority Debt meets the requirements of Additional Indebtedness.

"[ ]i [First/Second]ii Lien Secured Parties" shall mean the [ ]i [First/Second]ii Lien and the [ ]i [First/Second]ii Lien Creditors.

Section 1.03 Rules of Construction. Unless the context of this Agreement clearly requires otherwise, references to the plural include the singular, references to the singular include the plural, the term "including" is not limiting, and the term "or" has, except where otherwise indicated, the inclusive meaning represented by the phrase "and/or". The words "hereof", "herein", "hereby", "hereunder", and similar terms in this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement. Article, section, subsection, clause, schedule, and exhibit references herein are to this Agreement unless otherwise specified. Any reference in this Agreement to any agreement, instrument, or document shall include all alterations, amendments, changes, extensions, modifications, renewals, replacements, substitutions, joinders, and supplements thereto and thereof, as applicable (subject to any restrictions on such alterations, amendments, changes, extensions, modifications, renewals, replacements, substitutions, joinders, and supplements set forth herein). Any reference herein to any Person shall be construed to include such Person's successors and assigns. Any reference herein to the repayment in full of an obligation shall mean the payment in full in cash of such obligation, or in such other manner as may be approved in writing by the requisite holders or representatives in respect of such obligation, or in such other manner as may be approved by the requisite holders or representatives in respect of such obligation.

ARTICLE II.

LIEN PRIORITY

Section 2.01 Lien Priority.

(a) Notwithstanding (i) the date, time, method, manner, or order of grant, attachment, or perfection (including any defect or deficiency or alleged defect or deficiency in any of the foregoing) of any Liens granted to any Senior Priority Agent or any Senior Priority Creditors in respect of all or any portion of the Collateral, or of any Liens granted to any Junior Priority Agent or any Junior Priority Creditors in respect of all or any portion of the Collateral, and regardless of how any such Lien was acquired (whether by grant, statute, operation of law, subrogation or otherwise), (ii) the order or time of filing or recordation of any document or instrument for perfecting the Liens in favor of any Senior Priority Agent, any Senior Priority Creditors, any Junior Priority Agent or any Junior Priority Creditors in any Collateral, (iii) any provision of the Uniform Commercial Code, the Bankruptcy Code or any other applicable law, or of any Senior Priority Documents or Junior Priority Documents, (iv) whether any Senior Priority Agent or any Junior Priority Agent, in each case either directly or through agents, holds possession of, or has control over, all or any part of the Collateral, (v) the fact that any such Liens in favor of any Senior Priority Agent or any Senior Priority Creditors securing any of the Senior Priority Obligations are (x) subordinated to any Lien securing any other obligation of any Loan Party or (y) otherwise subordinated, voided, avoided, invalidated or lapsed or (vi) any other circumstance of any kind or nature whatsoever, each Junior Priority Agent, for and on behalf of itself and the Junior Priority Creditors represented thereby, hereby agrees that:

(i) any Lien in respect of all or any portion of the Collateral now or hereafter held by or on behalf of any Junior Priority Agent or any Junior Priority Creditor that secures all or any portion of the Junior Priority Obligations shall be junior and subordinate in all respects to all Liens granted to any of the Senior Priority Agents and the Senior Priority Creditors in the Collateral to secure all or any portion of the Senior Priority Obligations;

(ii) any Lien in respect of all or any portion of the Collateral now or hereafter held by or on behalf of any Senior Priority Agent or any Senior Priority Creditor that secures all or any portion of the Senior Priority Obligations shall be senior and prior in all respects to all Liens granted to any of the Junior Priority Agents and the Junior Priority Creditors in the Collateral to secure all or any portion of the Junior Priority Obligations;

(iii) except as may be separately otherwise agreed in writing by and between or among any applicable Senior Priority Agents, in each case on behalf of itself and the Senior Priority Creditors represented thereby, any Lien in respect of all or any portion of the Collateral now or hereafter held by or on behalf of any Senior Priority Agent or any Senior Priority Creditor that secures all or any portion of the Senior Priority Obligations shall be pari passu and equal in priority in all respects with any Lien in respect of all or any portion of the Collateral now or hereafter held by or on behalf of any other Senior Priority Agent or any other Senior Priority Creditor that secures all or any portion of the Senior Priority Obligations; and

(iv) except as may be separately otherwise agreed in writing by and between or among any applicable Junior Priority Agents, in each case on behalf of itself and the Junior Priority Secured Parties represented thereby, any Lien in respect of all or any portion of the Collateral now or hereafter held by or on behalf of any Junior Priority Agent or any Junior Priority Creditor that secures all or any portion of the Junior Priority Obligations shall be pari passu and equal in priority in all respects with any Lien in respect of all or any portion of the Collateral now or hereafter held by or on behalf of any other Junior Priority Agent or any other Junior Priority Creditor that secures all or any portion of the Junior Priority Obligations.

(b) [Reserved.]

(c) [Reserved.]

(d) Notwithstanding any failure by any Senior Priority Secured Party to perfect its security interests in the Collateral or any avoidance, invalidation, priming or subordination by any third party or court of competent jurisdiction of the security interests in the Collateral granted to any of the Senior Priority Secured Parties, the priority and rights as (x) between the respective classes of Senior Priority Secured Parties, and (y) between the Senior Priority Secured Parties, on the one hand, and the Junior Priority Secured Parties, on the other hand, with respect to the Collateral shall be as set forth herein. Notwithstanding any failure by any Junior Priority Secured Party to perfect its security interests in the Collateral or any avoidance, invalidation, priming or subordination by any third party or court of competent jurisdiction of the security interests in the Collateral granted to any of the Junior Priority Secured Parties, the priority and rights as between the respective classes of Junior Priority Secured Parties with respect to the Collateral shall be as set forth herein. Lien priority as among the Senior Priority Obligations and the Junior Priority Obligations with respect to any Collateral will be governed solely by this Agreement, except as may be separately otherwise agreed in writing by or among any applicable Parties to the extent permitted pursuant to this Agreement.

(e) The Original First Lien Agent, for and on behalf of itself and the Original First Lien Secured Parties, acknowledges and agrees that (x) concurrently herewith, the [ ][i] [First/Second][ii] Lien Agent, for the benefit of itself and [ ][i] [First/Second][ii] Lien Secured Parties, has been granted [Senior/Junior][viii] Priority Liens upon all of the Collateral in which the Original First Lien Agent has been granted Senior Priority Liens, and the Original First Lien Agent hereby consents thereto, and (y) one or more Additional Agents, each on behalf of itself and any Additional Credit Facility Secured Parties represented thereby, may be granted Senior Priority Liens or Junior Priority Liens upon all of the Collateral in which the Original First Lien Agent has been granted Senior Priority Liens, and the Original First Lien Agent hereby consents thereto.

(f) The [ ][i] [First/Second][ii] Lien Agent, for and on behalf of itself and the [ ][i] [First/Second][ii] Lien Secured Parties, acknowledges and agrees that (x) the Original First Lien Agent, for the benefit of itself and the First Lien Secured Parties, has been granted Senior Priority Liens upon all of the Collateral in which the [ ][i] [First/Second][ii] Lien Agent has been granted [Senior/Junior][vii] Priority Liens, and the [ ][i] [First/Second][ii] Lien Agent hereby consents thereto, and (y) one or more Additional Agents, each on behalf of itself and any

Additional Credit Facility Secured Parties represented thereby, may be granted Senior Priority Liens or Junior Priority Liens upon all of the Collateral in which the [ ][i] [First/Second][ii] Lien Agent has been granted [Senior/Junior][vii] Priority Liens, and the [ ][i] [First/Second][ii] Lien Agent hereby consents thereto.

(g) Each Additional Agent, for and on behalf of itself and any Additional Credit Facility Secured Parties represented thereby, acknowledges and agrees that, (x) the Original First Lien Agent, for the benefit of itself and the Original First Lien Secured Parties, has been granted Senior Priority Liens upon all of the Collateral in which such Additional Agent is being granted Liens, and such Additional Agent hereby consents thereto, (y) concurrently herewith, the [ ][i] [First/Second][ii] Lien Agent, for the benefit of itself and the [ ][i] [First/Second][ii] Lien Secured Parties, has been granted [Senior/Junior][vii] Priority Liens upon all of the Collateral in which such Additional Agent is being granted Liens, and such Additional Agent hereby consents thereto, and (z) one or more other Additional Agents, each on behalf of itself and any Additional Credit Facility Secured Parties represented thereby, have been or may be granted Senior Priority Liens or Junior Priority Liens upon all of the Collateral in which such Additional Agent is being granted Liens, and such Additional Agent hereby consents thereto.

(h) Lien priority as among the Additional Obligations, the Original First Lien Obligations and the [ ][i] [First/Second][ii] Lien Obligations with respect to any Collateral will be governed solely by this Agreement, except as may be separately otherwise agreed in writing by or among any applicable Parties to the extent permitted pursuant to this Agreement.

(i) Each Senior Priority Agent, for and on behalf of itself and the relevant Senior Priority Secured Parties represented thereby, hereby acknowledges and agrees that it is the intention of the Senior Priority Secured Parties of each Series of Senior Priority Debt that the holders of Senior Priority Obligations of such Series of Senior Priority Debt (and not the Senior Priority Secured Parties of any other Series of Senior Priority Debt) bear the risk of (i) any determination by a court of competent jurisdiction that (x) any of the Senior Priority Obligations of such Series of Senior Priority Debt are unenforceable under applicable law or are subordinated to any other obligations (other than another Series of Senior Priority Debt), (y) any of the Senior Priority Obligations of such Series of Senior Priority Debt do not have an enforceable security interest in any of the Collateral securing any other Series of Senior Priority Debt and/or (z) any intervening security interest exists securing any other obligations (other than another Series of Senior Priority Debt) on a basis ranking prior to the security interest of such Series of Senior Priority Debt but junior to the security interest of any other Series of Senior Priority Debt or (ii) the existence of any Collateral for any other Series of Senior Priority Debt that is not also Collateral for the other Series of Senior Priority Debt (any such condition referred to in the foregoing clauses (i) or (ii) with respect to any Series of Senior Priority Debt, an "Impairment" of such Series of Senior Priority Debt). In the event of any Impairment with respect to any Series of Senior Priority Debt, the results of such Impairment shall be borne solely by the holders of such Series of Senior Priority Debt, and the rights of the holders of such Series of Senior Priority Debt (including the right to receive distributions in respect of such Series of Senior Priority Debt pursuant to Section 4.01) set forth herein shall be modified to the extent necessary so that the effects of such Impairment are borne solely by the holders of the Series of Senior Priority Debt subject to such Impairment.

(j) Each Junior Priority Agent, for and on behalf of itself and the relevant Junior Priority Secured Parties represented thereby, hereby acknowledges and agrees that it is the intention of the Junior Priority Secured Parties of each Series of Junior Priority Debt that the holders of Junior Priority Obligations of such Series of Junior Priority Debt (and not the Junior Priority Secured Parties of any other Series of Junior Priority Debt) bear the risk of (i) any determination by a court of competent jurisdiction that (x) any of the Junior Priority Obligations of such Series of Junior Priority Debt are unenforceable under applicable law or are subordinated to any other obligations (other than another Series of Junior Priority Debt), (y) any of the Junior Priority Obligations of such Series of Junior Priority Debt do not have an enforceable security interest in any of the Collateral securing any other Series of Junior Priority Debt and/or (z) any intervening security interest exists securing any other obligations (other than another Series of Junior Priority Debt) on a basis ranking prior to the security interest of such Series of Junior Priority Debt but junior to the security interest of any other Series of Junior Priority Debt or (ii) the existence of any Collateral for any other Series of Junior Priority Debt that is not also Collateral for the other Series of Junior Priority Debt (any such condition referred to in the foregoing clauses (i) or (ii) with respect to any Series of Junior Priority Debt, an "Impairment" of such Series of Junior Priority Debt). In the event of any Impairment with respect to any Series of Junior Priority Debt, the results of such Impairment shall be borne solely by the holders of such Series of Junior Priority Debt, and the rights of the holders of such Series of Junior Priority Debt (including the right to receive distributions in respect of such Series of Junior Priority Debt pursuant to Section 4.01) set forth herein shall be modified to the extent necessary so that the effects of such Impairment are borne solely by the holders of the Series of Junior Priority Debt subject to such Impairment.

(k) The subordination of Liens by each Junior Priority Agent in favor of the Senior Priority Agents shall not be deemed to subordinate the Liens of any Junior Priority Agent to the Liens of any other Person. The provision of pari passu and equal priority as between Liens of any Senior Priority Agent and Liens of any other Senior Priority Agent, in each case as set forth herein, shall not be deemed to provide that the Liens of the Senior Priority Agent will be pari passu or of equal priority with the Liens of any other Person, or to subordinate any Liens of any Senior Priority Agent to the Liens of any Person. The provision of pari passu and equal priority as between Liens of any Junior Priority Agent and Liens of any other Junior Priority Agent, in each case as set forth herein, shall not be deemed to provide that the Liens of the Junior Priority Agent will be pari passu or of equal priority with the Liens of any other Person.

(l) So long as the Discharge of Senior Priority Obligations has not occurred, the parties hereto agree that in the event that Holdings or any Borrower shall, or shall permit any other Grantor to, grant or permit any additional Liens, or take any action to perfect any additional Liens, on any asset or property to secure any Junior Priority Obligation and have not also granted a Lien on such asset or property to secure the Senior Priority Obligations and taken all actions to perfect such Liens, then, without limiting any other rights and remedies available to any Senior Priority Agent and/or the other Senior Priority Secured Parties, each Junior Priority Agent, on behalf of itself and the Junior Lien Secured Parties for which it is a Junior Priority Agent, and each other Junior Priority Secured Party (by its acceptance of the benefits of the Junior Priority Documents), agrees that any amounts received by or distributed to any of them pursuant to or as a result of Liens granted in contravention of this Section 2.01(l) shall be subject to Section 4.01(d).

Section 2.02 Waiver of Right to Contest Liens.

(a) Each Junior Priority Agent, for and on behalf of itself and the Junior Priority Creditors represented thereby, agrees that it and they shall not (and hereby waives any right to) take any action to contest or challenge (or assist or support any other Person in contesting or challenging), directly or indirectly, whether or not in any proceeding (including in any Insolvency Proceeding), the validity, priority, enforceability, or perfection of the Liens of any Senior Priority Agent or any Senior Priority Creditor in respect of the Collateral, or the provisions of this Agreement. Except to the extent expressly set forth in this Agreement, each Junior Priority Agent, for itself and on behalf of the Junior Priority Creditors represented thereby, agrees that no Junior Priority Agent or Junior Priority Creditor will take any action that would interfere with any Exercise of Secured Creditor Remedies undertaken by any Senior Priority Agent or any Senior Priority Creditor under the Senior Priority Documents with respect to the Collateral. Except to the extent expressly set forth in this Agreement, each Junior Priority Agent, for itself and on behalf of the Junior Priority Creditors represented thereby, hereby waives any and all rights it or such Junior Priority Creditors may have as a junior lien creditor or otherwise to contest, protest, object to or interfere with the manner in which any Senior Priority Agent or any Senior Priority Creditor seeks to enforce its Liens in any Collateral.

(b) Each Junior Priority Agent, for and on behalf of itself and the Junior Priority Creditors represented thereby, agrees that it and they shall not (and hereby waives any right to) take any action to contest or challenge (or assist or support any other Person in contesting or challenging), directly or indirectly, whether or not in any proceeding (including in any Insolvency Proceeding), the validity, priority, enforceability, or perfection of the Liens of any other Junior Priority Agent or any other Junior Priority Creditor in respect of the Collateral, or the provisions of this Agreement (except as may be separately otherwise agreed in writing by and between such Junior Priority Agent, on behalf of itself and the Junior Priority Creditors represented thereby, and the other relevant Junior Priority Agent, on behalf of itself and the Junior Priority Creditors represented thereby). Except to the extent expressly set forth in this Agreement, each Junior Priority Agent, for itself and on behalf of the Junior Priority Creditors represented thereby, agrees that no Junior Priority Agent or Junior Priority Creditor will take any action that would interfere with any Exercise of Secured Creditor Remedies undertaken by any other Junior Priority Agent or any other Junior Priority Creditor under the Junior Priority Documents with respect to the Collateral (except as may be separately otherwise agreed in writing by and between such Junior Priority Agent, on behalf of itself and the Junior Priority Creditors represented thereby, and the other relevant Junior Priority Agent, on behalf of itself and the Junior Priority Creditors represented thereby). Except to the extent expressly set forth in this Agreement, each Junior Priority Agent, for itself and on behalf of the Junior Priority Creditors represented thereby, hereby waives any and all rights it or such Junior Priority Creditors may have as a junior lien creditor or otherwise to contest, protest, object to or interfere with the manner in which any other Junior Priority Agent or any other Junior Priority Creditor seeks to enforce its Liens in any Collateral (except as may be separately otherwise agreed in writing by and between such Junior Priority Agent, on behalf of itself and the Junior Priority Creditors represented thereby, and the other relevant Junior Priority Agent, on behalf of itself and the Junior Priority Creditors represented thereby).

(c) Each Senior Priority Agent, for and on behalf of itself and the Senior Priority Creditors represented thereby, agrees that it and they shall not (and hereby waives any right to) take any action to contest or challenge (or assist or support any other Person in contesting or challenging), directly or indirectly, whether or not in any proceeding (including in any Insolvency Proceeding), the validity, priority, enforceability, or perfection of the Liens of any other Senior Priority Agent or any other Senior Priority Creditor in respect of the Collateral, or the provisions of this Agreement (except as may be separately otherwise agreed in writing by and between such Senior Priority Agent, on behalf of itself and the Senior Priority Creditors represented thereby, and the other relevant Senior Priority Agent, on behalf of itself and the Senior Priority Creditors represented thereby). Except to the extent expressly set forth in this Agreement, each Senior Priority Agent, for itself and on behalf of the Senior Priority Creditors represented thereby, agrees that no Senior Priority Agent or Senior Priority Creditor will take any action that would interfere with any Exercise of Secured Creditor Remedies undertaken by any other Senior Priority Agent or any other Senior Priority Creditor under the Senior Priority Documents with respect to the Collateral (except as may be separately otherwise agreed in writing by and between such Senior Priority Agent, on behalf of itself and the Senior Priority Creditors represented thereby, and the other relevant Senior Priority Agent, on behalf of itself and the Senior Priority Creditors represented thereby). Except to the extent expressly set forth in this Agreement, each Senior Priority Agent, for itself and on behalf of the Senior Priority Creditors represented thereby, hereby waives any and all rights it or such Senior Priority Creditors may have as a senior lien creditor or otherwise to contest, protest, object to or interfere with the manner in which any other Senior Priority Agent or any other Senior Priority Creditor seeks to enforce its Liens in any Collateral (except as may be separately otherwise agreed in writing by and between such Senior Priority Agent, on behalf of itself and the Senior Priority Creditors represented thereby, and the other relevant Senior Priority Agent, on behalf of itself and the Senior Priority Creditors represented thereby).

(d) The assertion of priority rights established under the terms of this Agreement shall not be considered a challenge to Lien priority of any Party prohibited by this Section 2.02.

Section 2.03 Remedies Standstill.

(a) Each Junior Priority Agent, for and on behalf of itself and the Junior Priority Creditors represented thereby, agrees that, until the Discharge of Senior Priority Obligations, such Junior Priority Agent and such Junior Priority Creditors:

(i) will not, and will not seek to, Exercise Any Secured Creditor Remedies (or institute or join in any action or proceeding with respect to the Exercise of Secured Creditor Remedies) with respect to the Collateral without the written consent of the Senior Priority Representative; provided that any Junior Priority Agent may Exercise Any Secured Creditor Remedies after a period of 180 consecutive days has elapsed from the date of delivery of written notice by such Junior Priority Agent to each Senior Priority Agent stating that an Event of Default (as defined under the applicable Junior Priority Credit Facility) has occurred and is continuing thereunder and stating its intention to Exercise Any Secured Creditor Remedies (the "Standstill Period"), and then such Junior Priority Agent may Exercise Any Secured Creditor Remedies only so long as no Senior Priority Secured Party shall have commenced (or attempted to commence or given notice

of its intent to commence) the Exercise of Secured Creditor Remedies with respect to the Collateral (including seeking relief from the automatic stay or any other stay in any Insolvency Proceeding); provided further that notwithstanding anything herein to the contrary, in no event shall the Junior Priority Agent Exercise Any Secured Creditor Remedies with respect to the Collateral if, notwithstanding the expiration of the Standstill Period, Senior Priority Secured Party shall have commenced and be diligently pursuing the Exercise of Secured Creditor Remedies (or shall have sought or requested relief or modification of the automatic stay or any other stay in an Insolvency Proceeding to enable the commencement and pursuit thereof); and

(ii) will not contest, protest or object to any foreclosure proceeding or action brought by the Senior Priority Representative or any other Senior Priority Agent of any rights and remedies relating to the Collateral under the Senior Priority Credit Facilities or otherwise, in each case so long as any Proceeds are distributed in accordance with Section 4.01;

(iii) will not knowingly take, receive or accept any Proceeds of the Collateral in connection with any Exercise of Secured Creditor Remedies except to the extent such Proceeds were paid pursuant to Section 4.01; and

(iv) subject to their rights under clause (a)(i) above, will not object to the forbearance by the Senior Priority Representative or any other Senior Priority Agent or the Senior Priority Creditors from bringing or pursuing any foreclosure proceeding or action or any other exercise of any rights or remedies relating to the Collateral, in each case so long as any Proceeds are distributed in accordance with Section 4.01.

(b) Until the Discharge of Senior Priority Obligations, whether or not any Insolvency Proceeding has been commenced by or against any Loan Party, subject to Section 2.03(a)(i), the Senior Priority Representative (or its agent or nominee) shall have the exclusive right to Exercise Any Secured Creditor Remedies without any consultation with or the consent of the Junior Priority Representative, any other Junior Priority Agent or any Junior Priority Creditor; provided that any Proceeds are distributed in accordance with Section 4.01.

(c) From and after the Discharge of Senior Priority Obligations, any Junior Priority Agent and any Junior Priority Creditor may Exercise Any Secured Creditor Remedies under the Junior Priority Documents or applicable law as to any Collateral; subject to the provisions of this Agreement, including Section 4.01. Notwithstanding anything to the contrary contained herein, any Junior Priority Agent or any Junior Priority Secured Party may:

(i) make such demands or file such claims in respect of the [Senior] [Junior] Priority Obligations owed to such [Senior] [Junior] Priority Agent and the [Senior] [Junior] Priority Creditors represented thereby as are necessary to prevent the waiver or bar of such claims under applicable statutes of limitations or other statutes, court orders, or rules of procedure at any time;

(ii) file a claim or statement of interest with respect to the Junior Priority Obligations;

(iii) take any action in order to create, prove, perfect, preserve or protect (but not enforce) its Lien on and rights in, and the perfection and priority of its Lien on, any of the Collateral;

(iv) file any necessary responsive or defensive pleadings in opposition to any motion, claim, adversary proceeding or other pleading made by any person objecting to or otherwise seeking the disallowance of the claims of the Junior Priority Secured Parties represented thereby or of the same Series of Senior Priority Debt, in accordance with the terms of this Agreement;

(v) file any pleadings, objections, motions or agreements which assert rights or interests available to unsecured creditors of the Loan Parties arising under either any Insolvency Proceeding or applicable non-bankruptcy law, in each case not inconsistent with the terms of this Agreement or applicable law (including the Bankruptcy Laws of any applicable jurisdiction); and

(vi) vote on any Plan of Reorganization, file any proof of claim, make other filings and make any arguments and motions (including in support of or opposition to, as applicable, the confirmation or approval of any Plan of Reorganization) that are, in each case, in accordance with the terms of this Agreement.

(d) Any Senior Priority Agent, on behalf of itself and any Senior Priority Creditors represented thereby, agrees that such Senior Priority Agent and such Senior Priority Creditors will not, and will not seek to, Exercise Any Secured Creditor Remedies (or institute or join in any action or proceeding with respect to the Exercise of Secured Creditor Remedies) with respect to any of the Collateral without the written consent of the Senior Priority Representative; provided that nothing in this sentence shall prohibit any Senior Priority Agent from taking such actions in its capacity as Senior Priority Representative, if applicable. The Senior Priority Representative may Exercise Any Secured Creditor Remedies under the Senior Priority Collateral Documents or applicable law as to any Collateral subject to the provisions of this Agreement, including Section 4.01 hereof. Notwithstanding anything to the contrary contained herein, any Senior Priority Agent or any Senior Priority Secured Party may:

(i) make such demands or file such claims in respect of the [Senior] [Junior] Priority Obligations owed to such [Senior] [Junior] Priority Agent and the [Senior] [Junior] Priority Creditors represented thereby as are necessary to prevent the waiver or bar of such claims under applicable statutes of limitations or other statutes, court orders, or rules of procedure at any time;

(ii) file a claim or statement of interest with respect to the Senior Priority Obligations;

(iii) take any action in order to create, prove, perfect, preserve or protect (but not enforce) its Lien on and rights in, and the perfection and priority of its Lien on, any of the Collateral;

(iv) file any necessary responsive or defensive pleadings in opposition to any motion, claim, adversary proceeding or other pleading made by any person objecting to or otherwise seeking the disallowance of the claims of the Senior Priority Secured Parties represented thereby in accordance with the terms of this Agreement;

(v) file any pleadings, objections, motions or agreements which assert rights or interests available to unsecured creditors of the Loan Parties arising under either any Insolvency Proceeding or applicable non-bankruptcy law, in each case not inconsistent with the terms of this Agreement or applicable law (including the Bankruptcy Laws of any applicable jurisdiction); and

(vi) vote on any Plan of Reorganization, file any proof of claim, make other filings and make any arguments and motions (including in support of or opposition to, as applicable, the confirmation or approval of any Plan of Reorganization) that are, in each case, in accordance with the terms of this Agreement.

Section 2.04 Exercise of Rights.

(a) *No Other Restrictions*. Except as expressly set forth in this Agreement, (i) each Agent and each Creditor shall have any and all rights and remedies it may have as a creditor under applicable law, including the right to the Exercise of Secured Creditor Remedies (except as may be separately otherwise agreed in writing by and between or among any applicable Parties, solely as among such Parties and the Creditors represented thereby), and (ii) nothing in this Agreement shall prohibit the receipt by any Agent or any Secured Party of the required payment of principal and interest so long as, in the case of any Junior Priority Agent or Junior Priority Secured Party, such receipt is not the direct or indirect result of the Exercise of Secured Creditor Remedies in contravention of this Agreement and such receipt is not Proceeds of Collateral; provided, however, that the Exercise of Secured Creditor Remedies with respect to the Collateral shall be subject to the Lien Priority and to the provisions of this Agreement, including Section 4.01. Each Senior Priority Agent may enforce the provisions of the applicable Senior Priority Documents, each Junior Priority Agent may enforce the provisions of the applicable Junior Priority Documents, and each Agent may Exercise Any Secured Creditor Remedies, all in such order and in such manner as each may determine in the exercise of its sole discretion, consistent with the terms of this Agreement and mandatory provisions of applicable law (except as may be separately otherwise agreed in writing by and between or among any applicable Parties, solely as among such Parties and the Creditors represented thereby); provided, however, that each Agent agrees to provide to each other such Party copies of any notices that it is required under applicable law to deliver to any Loan Party; and provided, further, however, that any Senior Priority Agent's failure to provide any such copies to any other such Party shall not impair any Senior Priority Agent's rights hereunder or under any of the applicable Senior Priority Documents, and any Junior Priority Agent's failure to provide any such copies to any other such Party shall not impair any Junior Priority Agent's rights hereunder or under any of the applicable Junior Priority Documents. Each Agent agrees for and on behalf of itself and each Creditor represented thereby that such Agent and each such Creditor will not institute or join in any suit, Insolvency Proceeding or other proceeding or assert in any suit, Insolvency Proceeding or other proceeding any claim, (x) in the case of any Junior Priority Agent and any Junior Priority Creditor represented thereby, against any Senior Priority Secured Party, and (y) in the case of any Senior Priority Agent and any Senior Priority Creditor represented thereby, against any Junior Priority Secured Party, seeking damages from or other relief by way of specific

performance, instructions or otherwise, with respect to any action taken or omitted to be taken by such Person with respect to the Collateral that is consistent with the terms of this Agreement, and none of such Persons shall be liable for any such action taken or omitted to be taken. Except as may be separately otherwise agreed in writing by and between or among any applicable Senior Priority Agents, in each case on behalf of itself and the Senior Priority Creditors represented thereby, each Senior Priority Agent agrees for and on behalf of any Senior Priority Creditors represented thereby that such Agent and each such Creditor will not institute or join in any suit, Insolvency Proceeding or other proceeding or assert in any suit, Insolvency Proceeding or other proceeding any claim against any other Senior Priority Agent or any Senior Priority Creditor represented thereby seeking damages from or other relief by way of specific performance, instructions or otherwise, with respect to any action taken or omitted to be taken by such Person with respect to the Collateral that is consistent with the terms of this Agreement, and none of such Persons shall be liable for any such action taken or omitted to be taken. Except as may be separately otherwise agreed in writing by and between or among any Junior Priority Agents, in each case on behalf of itself and the Junior Priority Creditors represented thereby, each Junior Priority Agent agrees for and on behalf of any Junior Priority Creditors represented thereby that such Agent and each such Creditor will not institute or join in any suit, Insolvency Proceeding or other proceeding or assert in any suit, Insolvency Proceeding or other proceeding any claim against any other Junior Priority Agent or any Junior Priority Creditor represented thereby seeking damages from or other relief by way of specific performance, instructions or otherwise, with respect to any action taken or omitted to be taken by such Person with respect to the Collateral that is consistent with the terms of this Agreement, and none of such Persons shall be liable for any such action taken or omitted to be taken.

(b) *Release of Liens*. In the event of (A) any private or public sale of all or any portion of the Collateral in connection with any Exercise of Secured Creditor Remedies by or with the consent of the Senior Priority Representative, (B) any sale, transfer or other disposition of all or any portion of the Collateral other than in connection with any Exercise of Secured Creditor Remedies, so long as such sale, transfer or other disposition is then permitted by the Senior Priority Documents, or (C) the release of the Senior Priority Secured Parties' Liens on all or any portion of the Collateral which release under clause (C) shall have been approved by all of the requisite Senior Priority Secured Parties (as determined pursuant to the applicable Senior Priority Documents), in the case of clauses (B) and (C) only to the extent occurring prior to the Discharge of Senior Priority Obligations and not in connection with a Discharge of Senior Priority Obligations (and irrespective of whether an Event of Default has occurred), each Junior Priority Agent agrees, for and on behalf of itself and the Junior Priority Creditors represented thereby, that (x) so long as (1) the net cash proceeds of any such sale, if any, described in clause (A) above are applied as provided in Section 4.01 hereof and (2) there is a corresponding release of the Liens securing the Senior Priority Obligations, such sale or release will be free and clear of the Liens on such Collateral securing the Junior Priority Obligations and (y) such Junior Priority Secured Parties' Liens with respect to the Collateral so sold, transferred, disposed or released shall terminate and be automatically released without further action. In furtherance of, and subject to, the foregoing, each Junior Priority Agent agrees that it will execute any and all Lien releases or other documents reasonably requested by any Senior Priority Agent in connection therewith, so long as the net cash proceeds, if any, from such sale described in clause (A) above of such Collateral are applied in accordance with the terms of this Agreement. Each Junior Priority Agent hereby appoints the Senior Priority Representative and any officer or duly

authorized person of the Senior Priority Representative, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power of attorney in the place and stead of such Junior Priority Agent and in the name of such Junior Priority Agent or in the Senior Priority Representative's own name, from time to time, in the Senior Priority Representative's sole discretion, for the purposes of carrying out the terms of this paragraph, to take any and all appropriate action and to execute and deliver any and all documents and instruments as may be necessary or desirable to accomplish the purposes of this paragraph, including any financing statements, endorsements, assignments, releases or other documents or instruments of transfer (which appointment, being coupled with an interest, is irrevocable). Until the Discharge of Senior Priority Obligations, to the extent that the Senior Priority Secured Parties (i) have released any Lien on Collateral and any such Lien is later reinstated or (ii) obtain any new Senior Priority Liens, then the Junior Priority Secured Parties shall at the time of such reinstatement or new Senior Priority Liens be granted a Junior Priority Lien on any such Collateral.

Section 2.05 No New Liens.[43]

(a) Until the Discharge of Senior Priority Obligations, each Junior Priority Agent, for and on behalf of itself and any Junior Priority Creditors represented thereby, hereby agrees that:

(i) no Junior Priority Secured Party shall acquire or hold (x) any guaranty of Junior Priority Obligations by any Person unless such Person also provides (or is prohibited by applicable law from providing) a guaranty of the Senior Priority Obligations, or (y) any Lien on (unless prohibited by any applicable law) any assets of any Loan Party securing any Junior Priority Obligation, which assets are not also subject to the Lien of each Senior Priority Agent under the Senior Priority Documents, subject to the Lien Priority set forth herein; and

(ii) if any such Junior Priority Secured Party shall (nonetheless and in breach hereof) acquire or hold any guaranty of Junior Priority Obligations by any Person who does not also provide a guaranty of Senior Priority Obligations or any Lien on any assets of any Loan Party securing any Junior Priority Obligation, which assets are not also subject to the Lien of each Senior Priority Agent under the Senior Priority Documents, subject to the Lien Priority set forth herein, then such Junior Priority Agent (or the relevant Junior Priority Creditor) shall, without the need for any further consent of any other Junior Priority Secured Party and notwithstanding anything to the contrary in any other Junior Priority Document, be deemed to also hold and have held such guaranty or Lien for the benefit of the Senior Priority Agents as security for the Senior Priority Obligations (subject to the Lien Priority and other terms hereof) and shall promptly notify each Senior Priority Agent in writing of the existence of such Lien.

43 Form note: clauses (a), (b) and (c) may be omitted (or modified, as appropriate) at the Borrower's direction subject to consultation with the Administrative Agent in circumstances in which a Secured Party has, or may be entitled to have, Collateral or credit support that the other Secured Parties do not have.

(b) Until the Discharge of Senior Priority Obligations, except as may be separately otherwise agreed in writing by and between or among any applicable Senior Priority Agents, in each case, on behalf of itself and any Senior Priority Creditors represented thereby, each Senior Priority Agent, for and on behalf of itself and the Senior Priority Creditors represented thereby, hereby agrees that:

(i) no such Senior Priority Secured Party shall acquire or hold (x) any guaranty of any Senior Priority Obligations by any Person unless such Person also provides (or is prohibited by applicable law from providing) a guaranty of all the other Senior Priority Obligations, or (y) any Lien on (unless prohibited by any applicable law) any assets (other than any Excluded Cash Collateral) of any Loan Party securing any Senior Priority Obligation, which assets are not also subject to the Lien of each other Senior Priority Agent under the Senior Priority Documents, subject to the Lien Priority set forth herein; and

(ii) if any such Senior Priority Secured Party shall (nonetheless and in breach hereof) acquire or hold any guaranty of any Senior Priority Obligations by any Person who does not also provide a guaranty of all other Senior Priority Obligations or any Lien on any assets of any Loan Party securing any Senior Priority Obligation, which assets are not also subject to the Lien of each other Senior Priority Agent under the Senior Priority Documents, subject to the Lien Priority set forth herein, then such Senior Priority Agent (or the relevant Senior Priority Creditor) shall, without the need for any further consent of any other Senior Priority Secured Party and notwithstanding anything to the contrary in any other Senior Priority Document, be deemed to also hold and have held such guaranty or Lien for the benefit of each other Senior Priority Agent as security for the other Senior Priority Obligations (subject to the Lien Priority and other terms hereof) and shall promptly notify each Senior Priority Agent in writing of the existence of such Lien.

(c) Until the Discharge of Junior Priority Obligations, except as may be separately otherwise agreed in writing by and between or among any applicable Junior Priority Agents, in each case, on behalf of itself and any Junior Priority Creditors represented thereby, each Junior Priority Agent, for and on behalf of itself and the Junior Priority Creditors represented thereby, hereby agrees that:

(i) no such Junior Priority Secured Party shall acquire or hold (x) any guaranty of any Junior Priority Obligations by any Person unless such Person also provides (or is prohibited by applicable law from providing) a guaranty of all the other Junior Priority Obligations, or (y) any Lien on Lien on (unless prohibited by any applicable law) any assets of any Loan Party securing any Junior Priority Obligation, which assets are not also subject to the Lien of each other Junior Priority Agent under the Junior Priority Documents, subject to the Lien Priority set forth herein; and

(ii) if any such Junior Priority Secured Party shall (nonetheless and in breach hereof) acquire or hold any guaranty of any Junior Priority Obligations by any Person who does not also provide a guaranty of all other Junior Priority Obligations or any Lien on any assets of any Loan Party securing any Junior Priority Obligation, which assets are not also subject to the Lien of each other Junior Priority Agent under the Junior Priority

Documents, subject to the Lien Priority set forth herein, then such Junior Priority Agent (or the relevant Junior Priority Creditor) shall, without the need for any further consent of any other Junior Priority Secured Party and notwithstanding anything to the contrary in any other Junior Priority Document, be deemed to also hold and have held such guaranty or Lien for the benefit of each other Junior Priority Agent as security for the other Junior Priority Obligations (subject to the Lien Priority and other terms hereof) and shall promptly notify each Junior Priority Agent in writing of the existence of such Lien.

(d) No Secured Party shall be deemed to be in breach of this Section 2.05 as a result of any other Secured Party expressly declining, in writing (by virtue of the scope of the grant of Liens, including exceptions thereto and exclusions therefrom), to acquire, hold or continue to hold any Lien in any asset of any Loan Party.

Section 2.06 Waiver of Marshalling. Until the Discharge of Senior Priority Obligations, each Junior Priority Agent (including in its capacity as Junior Priority Representative, if applicable), on behalf of itself and the Junior Priority Secured Parties represented thereby, agrees not to assert and hereby waives, to the fullest extent permitted by law, any right to demand, request, plead or otherwise assert or otherwise claim the benefit of, any marshalling, appraisal, valuation or other similar right that may otherwise be available under applicable law with respect to the Collateral or any other similar rights a junior secured creditor may have under applicable law.

ARTICLE III.

ACTIONS OF THE PARTIES

Section 3.01 Agent for Perfection.

(a) Each Loan Party shall deliver all Cash Collateral or Control Collateral when required to be delivered pursuant to the Credit Documents to (x) until the Discharge of Senior Priority Obligations, the Senior Priority Representative and (y) thereafter, the Junior Priority Representative.

(b) Each Agent, for and on behalf of itself and the Secured Parties represented thereby, agrees to hold all Cash Collateral and Control Collateral in its possession, custody, or control (or in the possession, custody, or control of agents or bailees therefor) for the benefit of, on behalf of and as agent for the other Secured Parties solely for the purpose of perfecting the security interest granted to each other Agent or Secured Party in such Cash Collateral and Control Collateral, subject to the terms and conditions of this Section 3.01. Such Agent shall not have any obligation whatsoever to the other Secured Parties to assure that such Cash Collateral and Control Collateral is genuine or owned by any Loan Party or any other Person or to preserve rights or benefits of any Person therein. The duties or responsibilities of such Agent under this Section 3.01 are and shall be limited solely to holding or maintaining control of such Cash Collateral and Control Collateral as agent for the Secured Parties for purposes of perfecting the Lien held by the Secured Parties. Such Agent is not and shall not be deemed to be a fiduciary of any kind for any Secured Party or any other Person.

(c) In the event that any Secured Party receives any Collateral or Proceeds of the Collateral in violation of the terms of this Agreement, then such Secured Party shall promptly pay over such Proceeds or Collateral to (x) until the Discharge of Senior Priority Obligations, the Senior Priority Representative, and (y) thereafter, the Junior Priority Representative, in the same form as received with any necessary endorsements, for application in accordance with the provisions of Section 4.01 hereof.

(d) It is understood and agreed that the interests of the Senior Priority Agents and the Senior Lien Creditors, on the one hand, and the Junior Priority Agent and the Junior Priority Creditors, on the other hand, may differ and the Senior Priority Agents and the Senior Priority Creditors shall be fully entitled to act in their own interest without taking into account the interests of the Junior Priority Agents or the Junior Priority Creditors.

Section 3.02 Sharing of Information and Access. In the event that any Junior Priority Agent shall, in the exercise of its rights under the applicable Junior Priority Collateral Documents or otherwise, receive possession or control of any books and records of any Loan Party that contain information identifying or pertaining to the Collateral, such Junior Priority Agent shall, upon request from any other Agent, and as promptly as practicable thereafter, either make available to such Agent such books and records for inspection and duplication or provide to such Agent copies thereof. In the event that any Senior Priority Agent shall, in the exercise of its rights under the applicable Senior Priority Collateral Documents or otherwise, receive possession or control of any books and records of any Loan Party that contain information identifying or pertaining to the Collateral, such Senior Priority Agent shall, upon request from any other Agent, and as promptly as practicable thereafter, either make available to such Agent such books and records for inspection and duplication or provide to such Agent copies thereof.

Section 3.03 Insurance. Proceeds of Collateral include insurance proceeds and, therefore, the Lien Priority shall govern the ultimate disposition of casualty insurance proceeds. The Senior Priority Representative and the Junior Priority Representative shall be named as additional insured or loss payee, as applicable, with respect to all insurance policies relating to Collateral. Until the Discharge of Senior Priority Obligations, (a) the Senior Priority Representative shall have the sole and exclusive right, as against any Secured Party, to adjust settlement of insurance claims in the event of any covered loss, theft or destruction of Collateral and (b) all proceeds of such insurance shall be remitted to the Senior Priority Representative, and each other Agent shall cooperate (if necessary) in a reasonable manner in effecting the payment of insurance proceeds in accordance with Section 4.01.

Section 3.04 No Additional Rights for the Loan Parties Hereunder. If any Secured Party shall enforce its rights or remedies in violation of the terms of this Agreement, the Loan Parties shall not be entitled to use such violation as a defense to any action by any Secured Party, nor to assert such violation as a counterclaim or basis for set off or recoupment against any Secured Party.

ARTICLE IV.

APPLICATION OF PROCEEDS

Section 4.01 Application of Proceeds.

(a) *Revolving Nature of Certain First Lien Obligations*. Each Agent, for and on behalf of itself and the Secured Parties represented thereby, expressly acknowledges and agrees that (i) the Original First Lien Credit Agreement [and the First Lien Credit Agreement][ix] includes one or more revolving commitments, that in the ordinary course of business the Original First Lien Agent and certain First Lien Credit Agreement Lenders[, the [ ] Agent and certain [ ] Lenders][x] may apply payments and make advances thereunder, and one or more incremental commitments of various classes, and (ii) the amount of the Original First Lien Obligations [or [ ] Obligations][xi] that may be outstanding thereunder at any time or from time to time may be increased or reduced and subsequently reborrowed, and that the terms of the Original First Lien Obligations [or [ ] Obligations][xii] thereunder may be modified, extended or amended from time to time, and that the aggregate amount of the Original First Lien Obligations[, [ ] Obligations][xii] or Additional Obligations thereunder may be increased, replaced or refinanced, in each event, without notice to or consent by any other Secured Parties and without affecting the provisions hereof; provided, however, that from and after the date on which the Original First Lien Agent or any Original First Lien Credit Agreement Lender [or the [ ] Agent or any [ ] Lenders][xi] commences the Exercise of Secured Creditor Remedies, all amounts received by the Original First Lien Agent or any such Original First Lien Credit Agreement Lender [or the [ ] Agent or any [ ] Lenders][xi] as a result of such Exercise of Secured Creditor Remedies shall be applied as specified in this Section 4.01. The Lien Priority shall not be altered or otherwise affected by any such amendment, modification, supplement, extension, repayment, reborrowing, increase, replacement, renewal, restatement or refinancing of the Original First Lien Obligations, the [ ][i] [First/Second][ii] Lien Obligations, or any Additional Obligations, or any portion thereof.

(b) *Revolving Nature of Certain Junior Priority Obligations*. Each Agent, for and on behalf of itself and the Secured Parties represented thereby, expressly acknowledges and agrees that (x) Junior Priority Credit Facilities may include one or more revolving commitments, that in the ordinary course of business any Junior Priority Agent and Junior Priority Secured Parties may apply payments and make advances thereunder, and one or more incremental commitments of various classes, and (y) the amount of Junior Priority Obligations that may be outstanding thereunder at any time or from time to time may be increased or reduced and subsequently reborrowed, and that the terms of Junior Priority Obligations thereunder may be modified, extended or amended from time to time, and that the aggregate amount of Junior Priority Obligations thereunder may be increased, replaced or refinanced, in each event, without notice to or consent by any other Secured Parties and without affecting the provisions hereof; provided, however, that from and after the date on which any Junior Priority Agent or Junior Priority Secured Party commences the Exercise of Secured Creditor Remedies, all amounts received by any such Junior Priority Agent or Junior Priority Secured Party as a result of such Exercise of Secured Creditor Remedies shall be applied as specified in this Section 4.01. The Lien Priority shall not be altered or otherwise affected by any such amendment, modification, supplement, extension, repayment, reborrowing, increase, replacement, renewal, restatement or refinancing of the Original First Lien Obligations, the [ ][i] [First/Second][ii] Lien Obligations, or any Additional Obligations, or any portion thereof.

(c) *Revolving Nature of Certain Additional Obligations*. Each Agent, for and on behalf of itself and the Secured Parties represented thereby, expressly acknowledges and agrees that (x) Additional Credit Facilities may include one or more revolving commitments, that in the ordinary course of business any Additional Agent and Additional Credit Facility Secured Parties may apply payments and make advances thereunder, and one or more incremental commitments of various classes, and (y) the amount of Additional Obligations that may be outstanding thereunder at any time or from time to time may be increased or reduced and subsequently reborrowed, and that the terms of Additional Obligations thereunder may be modified, extended or amended from time to time, and that the aggregate amount of Additional Obligations thereunder may be increased, replaced or refinanced, in each event, without notice to or consent by any other Secured Parties and without affecting the provisions hereof; provided, however, that from and after the date on which any Additional Agent or Additional Credit Facility Secured Party commences the Exercise of Secured Creditor Remedies, all amounts received by any such Additional Agent or Additional Credit Facility Secured Party as a result of such Exercise of Secured Creditor Remedies shall be applied as specified in this Section 4.01. The Lien Priority shall not be altered or otherwise affected by any such amendment, modification, supplement, extension, repayment, reborrowing, increase, replacement, renewal, restatement or refinancing of the Original First Lien Obligations, the [ ][i] [First/Second][ii] Lien Obligations, or any Additional Obligations, or any portion thereof.

(d) *Application of Proceeds of Collateral.* Except as may be separately otherwise agreed in writing by and between or among any applicable Agents, each Agent for, and on behalf of itself and the Secured Parties represented thereby, hereby agrees that all Collateral, and all Proceeds thereof, in each case, received by any Agent in connection with any Exercise of Secured Creditor Remedies shall be applied as follows, subject to clause (e) of this Section 4.01:

first, to the payment, on a pro rata basis, of costs and expenses of each Agent, as applicable, in connection with such Exercise of Secured Creditor Remedies (other than any costs and expenses of any Junior Priority Agent in connection with any Exercise of Secured Creditor Remedies by it in willful violation of this Agreement (as determined in good faith by the Senior Priority Agent), which costs and expenses shall be payable in accordance with clause *third* of this paragraph (d) to the extent that such costs and expenses constitute Junior Priority Obligations);

second, to the payment of Senior Priority Obligations owing to the Senior Priority Secured Parties represented by each Senior Priority Agent in accordance with the applicable Senior Priority Credit Facility, which payment shall be made between and among the Senior Priority Obligations owing to Senior Priority Secured Parties represented by different Senior Priority Agents on a pro rata basis (except as may be separately otherwise agreed in writing by and between or among any applicable Senior Priority Agents, in each case on behalf of itself and the Senior Priority Secured Parties represented thereby);

third, to the payment of Junior Priority Obligations owing to the Junior Priority Secured Parties represented by each Junior Priority Agent in accordance with the applicable Junior Priority Credit Facility, which payment shall be made between and among the Junior Priority Obligations owing to Junior Priority Secured Parties represented by different Junior Priority Agents on a pro rata basis (except as may be separately otherwise agreed in writing by and between or among any applicable Junior Priority Agents, in each case on behalf of itself and the Junior Priority Secured Parties represented thereby); and

fourth, the balance, if any, to the Loan Parties or to whomsoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

Each Senior Priority Agent shall provide the Senior Priority Representative with such information about the Senior Priority Obligations owing to the Senior Priority Secured Parties represented by it as they may reasonably request in order to carry out the purposes of this Section 4.01. Each Junior Priority Agent shall provide the Junior Priority Representative with such information about the Junior Priority Obligations owing to the Junior Priority Secured Parties represented by it as they may reasonably request in order to carry out the purposes of this Section 4.01.

(e) *Limited Obligation or Liability*. In exercising remedies, whether as a secured creditor or otherwise, no Senior Priority Agent shall have any obligation or liability to any Junior Priority Secured Party, or (except as may be separately agreed in writing by and between or among any applicable Senior Priority Agents, in each case on behalf of itself and the Senior Priority Creditors represented thereby) to any other Senior Priority Secured Party, in each case regarding the adequacy of any Proceeds or for any action or omission, save and except solely for an action or omission that breaches the express obligations undertaken by such Senior Priority Agent under the terms of this Agreement. In exercising remedies, whether as a secured creditor or otherwise, no Junior Priority Agent shall have any obligation or liability (except as may be separately agreed in writing by and between or among any applicable Junior Priority Agents, in each case on behalf of itself and the Junior Priority Creditors represented thereby) to any other Junior Priority Secured Party, in each case regarding the adequacy of any Proceeds or for any action or omission, save and except solely for an action or omission that breaches the express obligations undertaken by such Junior Priority Agent under the terms of this Agreement.

(f) *Turnover of Cash Collateral After Discharge*. Upon the Discharge of Senior Priority Obligations, each Senior Priority Agent shall deliver to the Junior Priority Representative or shall execute such documents as the Company or as the Junior Priority Representative may reasonably request to enable it to have control over any Cash Collateral or Control Collateral still in such Senior Priority Agent's possession, custody or control in the same form as received with any necessary endorsements, or as a court of competent jurisdiction may otherwise direct. As between any Junior Priority Agent and any other Junior Priority Agent, any such Cash Collateral or Control Collateral held by any such Party shall be held by it subject to the terms and conditions of Section 3.01.

(g) *Senior Intervening Creditor*. Notwithstanding anything in Section 4.01(d) to the contrary, solely as among the Senior Priority Secured Parties with respect to any Collateral for

which a third party (other than a Senior Priority Secured Party) has a Lien or security interest that is junior in priority to the Lien or security interest of any Series of Senior Priority Debt but senior (as determined by appropriate legal proceedings in the case of any dispute) to the Lien or security interest of any other Series of Senior Priority Debt (such third party an "Senior Intervening Creditor"), the value of any Collateral or Proceeds that are allocated to such Senior Intervening Creditor shall be deducted on a ratable basis solely from the Collateral or Proceeds thereof to be distributed in respect of the Series of Senior Priority Debt with respect to which such Impairment exists.

(h) *Junior Intervening Creditor*. Notwithstanding anything in Section 4.01(d) to the contrary, solely as among the Junior Priority Secured Parties with respect to any Collateral for which a third party (other than a Junior Priority Secured Party) has a Lien or security interest that is junior in priority to the Lien or security interest of any Series of Junior Priority Debt but senior (as determined by appropriate legal proceedings in the case of any dispute) to the Lien or security interest of any other Series of Junior Priority Debt (such third party an "Junior Intervening Creditor"), the value of any Collateral or Proceeds that are allocated to such Junior Intervening Creditor shall be deducted on a ratable basis solely from the Collateral or Proceeds thereof to be distributed in respect of the Series of Junior Priority Debt with respect to which such Impairment exists.

Section 4.02 Specific Performance and Other Relief. Each Agent is hereby authorized to demand specific performance of this Agreement or obtain relief by injunction or other appropriate equitable relief, whether or not any Loan Party shall have complied with any of the provisions of any of the Credit Documents, at any time when any other Party shall have failed to comply with any of the provisions of this Agreement applicable to it. Each Agent, for and on behalf of itself and the Secured Parties represented thereby, hereby irrevocably waives any defense based on the adequacy of a remedy at law that might be asserted as a bar to such remedy of specific performance, injunctive relief or other equitable relief.

ARTICLE V.

INTERCREDITOR ACKNOWLEDGEMENTS AND WAIVERS

Section 5.01 Notice of Acceptance and Other Waivers.

(a) All Senior Priority Obligations at any time made or incurred by any Loan Party shall be deemed to have been made or incurred in reliance upon this Agreement, and each Junior Priority Agent, for and on behalf of itself and the Junior Priority Creditors represented thereby, hereby waives notice of acceptance of, or proof of reliance by any Senior Priority Agent or any Senior Priority Creditors on, this Agreement, and notice of the existence, increase, renewal, extension, accrual, creation, or nonpayment of all or any part of the Senior Priority Obligations.

(b) None of the Senior Priority Agents (including any Senior Priority Agent in its capacity as Senior Priority Representative, if applicable), the Senior Priority Creditors, or any of their respective Affiliates, or any of the respective directors, officers, employees, or agents of any of the foregoing, shall be liable for failure to demand, collect, or realize upon any of the Collateral or any Proceeds, or for any delay in doing so, or shall be under any obligation to sell

or otherwise dispose of any Collateral or Proceeds thereof or to take any other action whatsoever with regard to the Collateral or any part or Proceeds thereof, except as specifically provided in this Agreement. If any Senior Priority Agent or Senior Priority Creditor honors (or fails to honor) a request by any Borrower for an extension of credit pursuant to any Senior Priority Credit Facility or any other Senior Priority Document, whether or not such Senior Priority Agent or Senior Priority Creditor has knowledge that the honoring of (or failure to honor) any such request would constitute a default under the terms of any Junior Priority Credit Facility or any other Junior Priority Document (but not a default under this Agreement) or would constitute an act, condition, or event that, with the giving of notice or the passage of time, or both, would constitute such a default, or if any Senior Priority Agent or Senior Priority Creditor otherwise should exercise any of its contractual rights or remedies under any Senior Priority Documents (subject to the express terms and conditions hereof), no Senior Priority Agent or Senior Priority Creditor shall have any liability whatsoever to any Junior Priority Agent or Junior Priority Creditor as a result of such action, omission, or exercise, in each case so long as any such exercise does not breach the express terms and provisions of this Agreement. Each Senior Priority Secured Party shall be entitled to manage and supervise its loans and extensions of credit under the relevant Senior Priority Credit Facility and other Senior Priority Documents as it may, in its sole discretion, deem appropriate, and may manage its loans and extensions of credit without regard to any rights or interests that the Junior Priority Agents or Junior Priority Creditors have in the Collateral, except as otherwise expressly set forth in this Agreement. Each Junior Priority Agent, on behalf of itself and the Junior Priority Creditors represented thereby, agrees that no Senior Priority Agent or Senior Priority Creditor shall incur any liability as a result of a sale, lease, license, application, or other disposition of all or any portion of the Collateral or Proceeds thereof pursuant to the Senior Priority Documents, in each case so long as such disposition is conducted in accordance with mandatory provisions of applicable law and does not breach the provisions of this Agreement.

Section 5.02 Modifications to Senior Priority Documents and Junior Priority Documents.

(a) Each Junior Priority Agent, for and on behalf of itself and the Junior Priority Creditors represented thereby, hereby agrees that, without affecting the obligations of such Junior Priority Secured Parties hereunder, each Senior Priority Agent and the Senior Priority Creditors represented thereby may, at any time and from time to time, in their sole discretion without the consent of or notice to any Junior Priority Secured Party (except to the extent such notice or consent is required pursuant to the express provisions of this Agreement), and without incurring any liability to any such Junior Priority Secured Party or impairing or releasing the subordination provided for herein, amend, restate, supplement, replace, refinance, extend, consolidate, restructure, or otherwise modify any of the Senior Priority Documents in any manner whatsoever, including, to:

(i) change the manner, place, time, or terms of payment or renew, alter or increase, all or any of the Senior Priority Obligations or otherwise amend, restate, supplement, or otherwise modify in any manner, or grant any waiver or release with respect to, all or any part of the Senior Priority Obligations or any of the Senior Priority Documents;

(ii) retain or obtain a Lien on any Property of any Person to secure any of the Senior Priority Obligations, and in connection therewith to enter into any additional Senior Priority Documents;

(iii) amend, or grant any waiver, compromise, or release with respect to, or consent to any departure from, any guaranty or other obligations of any Person obligated in any manner under or in respect of the Senior Priority Obligations;

(iv) release its Lien on any Collateral and/or any Excluded Cash Collateral or other Property;

(v) exercise or refrain from exercising any rights against any Loan Party or any other Person;

(vi) retain or obtain the primary or secondary obligation of any other Person with respect to any of the Senior Priority Obligations; and

(vii) otherwise manage and supervise the Senior Priority Obligations as the applicable Senior Priority Agent shall deem appropriate.

(b) Each Senior Priority Agent, for and on behalf of itself and the Senior Priority Creditors represented thereby, hereby agrees that, without affecting the obligations of such Senior Priority Secured Parties hereunder, each Junior Priority Agent and the Junior Priority Creditors represented thereby may, at any time and from time to time, in their sole discretion without the consent of or notice to any such Senior Priority Secured Party (except to the extent such notice or consent is required pursuant to the express provisions of this Agreement), and without incurring any liability to any such Senior Priority Secured Party or impairing or releasing the priority provided for herein, amend, restate, supplement, replace, refinance, extend, consolidate, restructure, or otherwise modify any of the Junior Priority Documents in any manner whatsoever, including, to:

(i) change the manner, place, time, or terms of payment or renew, alter or increase, all or any of the Junior Priority Obligations or otherwise amend, restate, supplement, or otherwise modify in any manner, or grant any waiver or release with respect to, all or any part of the Junior Priority Obligations or any of the Junior Priority Documents;

(ii) retain or obtain a Lien on any Property of any Person to secure any of the Junior Priority Obligations, and in connection therewith to enter into any additional Junior Priority Documents;

(iii) amend, or grant any waiver, compromise, or release with respect to, or consent to any departure from, any guaranty or other obligations of any Person obligated in any manner under or in respect of the Junior Priority Obligations;

(iv) release its Lien on any Collateral or other Property;

(v) exercise or refrain from exercising any rights against any Loan Party or any other Person;

(vi) retain or obtain the primary or secondary obligation of any other Person with respect to any of the Junior Priority Obligations; and

(vii) otherwise manage and supervise the Junior Priority Obligations as the Junior Priority Agent shall deem appropriate.

(c) Each Junior Priority Agent, for and on behalf of itself and the Junior Priority Secured Parties represented thereby, agrees that each Junior Priority Collateral Document shall include the following language (or language to similar effect):

"Notwithstanding anything herein to the contrary, the lien and security interest granted to [name of Junior Priority Agent] pursuant to this Agreement and the exercise of any right or remedy by [name of Junior Priority Agent] hereunder are subject to the provisions of the Intercreditor Agreement, dated as of [ ] (as amended, restated, supplemented or otherwise modified, replaced or refinanced from time to time, the "Intercreditor Agreement"), initially among [ ], as the Original First Lien Agent, and [ ] as [ ][i] Second Lien Agent, and certain other persons party or that may become party thereto from time to time. In the event of any conflict between the terms of the Intercreditor Agreement and this Agreement, the terms of the Intercreditor Agreement shall govern and control."

In addition, each Junior Priority Agent, for and on behalf of itself and the Junior Priority Secured Parties represented thereby, agrees that each Junior Priority Collateral Document consisting of a mortgage covering any Collateral consisting of real estate shall contain language appropriate to reflect the subordination of such Junior Priority Collateral Documents to the corresponding Senior Priority Collateral Documents.

(d) Except as may be separately otherwise agreed in writing by and between or among any applicable Senior Priority Agents, in each case on behalf of itself and the Senior Priority Creditors represented thereby, each Senior Priority Agent, for and on behalf of itself and the Senior Priority Creditors represented thereby, hereby agrees that, without affecting the obligations of such Senior Priority Secured Parties hereunder, any other Senior Priority Agent and any Senior Priority Creditors represented thereby may, at any time and from time to time, in their sole discretion without the consent of or notice to any such Senior Priority Secured Party (except to the extent such notice or consent is required pursuant to the express provisions of this Agreement) and without incurring any liability to any such Senior Priority Secured Party, amend, restate, supplement, replace, refinance, extend, consolidate, restructure, or otherwise modify any of the Senior Priority Documents to which such other Senior Priority Agent or any Senior Priority Creditor represented thereby is party or beneficiary in any manner whatsoever, including, to:

(i) change the manner, place, time, or terms of payment or renew, alter or increase, all or any of the Senior Priority Obligations or otherwise amend, restate, supplement, or otherwise modify in any manner, or grant any waiver or release with respect to, all or any part of the Senior Priority Obligations or any of the Senior Priority Documents;

(ii) retain or obtain a Lien on any Property of any Person to secure any of the Senior Priority Obligations, and in connection therewith to enter into any Senior Priority Documents;

(iii) amend, or grant any waiver, compromise, or release with respect to, or consent to any departure from, any guaranty or other obligations of any Person obligated in any manner under or in respect of the Senior Priority Obligations;

(iv) release its Lien on any Collateral and/or any Excluded Cash Collateral or other Property;

(v) exercise or refrain from exercising any rights against any Loan Party or any other Person;

(vi) retain or obtain the primary or secondary obligation of any other Person with respect to any of the Senior Priority Obligations; and

(vii) otherwise manage and supervise the Senior Priority Obligations as such other Senior Priority Agent shall deem appropriate.

(e) Except, in each case, as may be separately otherwise agreed in writing by and between or among any applicable Junior Priority Agents, in each case on behalf of itself and the Junior Priority Creditors represented thereby, each Junior Priority Agent, for and on behalf of itself and the Junior Priority Creditors represented thereby, hereby agrees that, without affecting the obligations of such Junior Priority Secured Parties hereunder, any other Junior Priority Agent and any Junior Priority Creditors represented thereby may, at any time and from time to time, in their sole discretion without the consent of or notice to any such Junior Priority Secured Party (except to the extent such notice or consent is required pursuant to the express provisions of this Agreement), and without incurring any liability to any such Junior Priority Secured Party, amend, restate, supplement, replace, refinance, extend, consolidate, restructure, or otherwise modify any of the Junior Priority Documents to which such other Junior Priority Agent or any Junior Priority Creditor represented thereby is party or beneficiary in any manner whatsoever, including, to:

(i) change the manner, place, time, or terms of payment or renew, alter or increase, all or any of the Junior Priority Obligations or otherwise amend, restate, supplement, or otherwise modify in any manner, or grant any waiver or release with respect to, all or any part of the Junior Priority Obligations or any of the Junior Priority Documents;

(ii) retain or obtain a Lien on any Property of any Person to secure any of the Junior Priority Obligations, and in connection therewith to enter into any Junior Priority Documents;

(iii) amend, or grant any waiver, compromise, or release with respect to, or consent to any departure from, any guaranty or other obligations of any Person obligated in any manner under or in respect of the Junior Priority Obligations;

(iv) release its Lien on any Collateral or other Property;

(v) exercise or refrain from exercising any rights against any Loan Party or any other Person;

(vi) retain or obtain the primary or secondary obligation of any other Person with respect to any of the Junior Priority Obligations; and

(vii) otherwise manage and supervise the Junior Priority Obligations as such other Junior Priority Agent shall deem appropriate.

(f) The Senior Priority Obligations and the Junior Priority Obligations may be refunded, replaced or refinanced, in whole or in part, in each case, without notice to, or the consent (except to the extent a consent is required to permit the refunding, replacement or refinancing transaction under any Senior Priority Document or any Junior Priority Document) of any Senior Priority Agent, Senior Priority Creditors, Junior Priority Agent or Junior Priority Creditors, as the case may be, all without affecting the Lien Priorities provided for herein or the other provisions hereof; provided, however, that, if the indebtedness refunding, replacing or refinancing any such Senior Priority Obligations or Junior Priority Obligations is to constitute Senior Priority Obligations or Junior Priority Obligations hereunder (as designated by the Company), as the case may be, the holders of such indebtedness (or an authorized agent or trustee on their behalf) bind themselves in writing to the terms of this Agreement pursuant to a joinder substantially in the form of Exhibit C hereto or otherwise in form and substance reasonably satisfactory to the Senior Priority Agents (other than any Designated Agent) and Junior Priority Agents (other than any Designated Agent) (or, if there is no continuing Agent other than Designated Agent, as designated by the Company), and any such refunding, replacement or refinancing transaction shall be in accordance with any applicable provisions of the Senior Priority Documents and the Junior Priority Documents. For the avoidance of doubt, the Senior Priority Obligations and Junior Priority Obligations may be refunded, replaced or refinanced, in whole or in part, in each case, without notice to, or the consent (except to the extent a consent is required to permit the refunding, replacement or refinancing transaction under any Senior Priority Document or any Junior Priority Document) of any Senior Priority Agent, Senior Priority Creditors, Junior Priority Agent or Junior Priority Creditors, as the case may be, through the incurrence of Additional Indebtedness, subject to Section 7.11 hereof.

Section 5.03 Reinstatement and Continuation of Agreement. If any Senior Priority Agent or Senior Priority Creditor is required in any Insolvency Proceeding or otherwise to turn over or otherwise pay to the estate of any Loan Party or any other Person any payment made in satisfaction of all or any portion of the Senior Priority Obligations (a "Senior Priority

Recovery"), then the relevant Senior Priority Obligations shall be reinstated to the extent of such Senior Priority Recovery. In the event that (a) this Agreement shall have been terminated prior to such Senior Priority Recovery and (b) there exist any Junior Priority Obligations at the time of such Senior Priority Recovery, then this Agreement shall be reinstated in full force and effect in the event of such Senior Priority Recovery, and such prior termination shall not diminish, release, discharge, impair, or otherwise affect the obligations of the Parties from such date of reinstatement. All rights, interests, agreements, and obligations of each Agent, each Senior Priority Creditor, and each Junior Priority Creditor under this Agreement shall remain in full force and effect and shall continue irrespective of the commencement of, or any discharge, confirmation, conversion, or dismissal of, any Insolvency Proceeding by or against any Loan Party or any other circumstance which otherwise might constitute a defense available to, or a discharge of, any Loan Party in respect of the Senior Priority Obligations or the Junior Priority Obligations. No priority or right of any Senior Priority Agent or any Senior Priority Creditor shall at any time be prejudiced or impaired in any way by any act or failure to act on the part of any Borrower or any Guarantor or by the noncompliance by any Person with the terms, provisions, or covenants of any of the Senior Priority Documents, regardless of any knowledge thereof which any Senior Priority Agent or any Senior Priority Creditor may have.

Section 5.04 Excluded Cash Collateral. Notwithstanding any other provision to the contrary contained in this Agreement, it is understood and agreed that this Agreement shall not restrict the rights of the Original First Lien Agent or the other Original First Lien Secured Parties to pursue enforcement proceedings, exercise remedies or make determinations with respect to the Excluded Cash Collateral or otherwise take actions with respect to the Excluded Cash Collateral in accordance with the Original First Lien Credit Agreement and such Excluded Cash Collateral shall be applied as specified in the Original First Lien Credit Agreement and will not constitute Collateral hereunder. Nothing in this Agreement shall be construed to impair the right of any Original First Lien Secured Party to recoup, set off, net or off-set amounts (including amounts delivered as margin or cash collateral) to satisfy such Original First Lien Obligations secured by Excluded Cash Collateral to the extent permitted under the Original First Lien Credit Agreement, or exercise its rights and remedies with respect to any Excluded Cash Collateral pledged for its sole benefit or as a beneficiary under and pursuant to any other credit support issued solely in its favor, each of which will be governed by the terms of the Original First Lien Credit Agreement.

ARTICLE VI.

INSOLVENCY PROCEEDINGS

Section 6.01 DIP Financing.

(a) If any Borrower or any Guarantor shall be subject to any Insolvency Proceeding in the United States at any time prior to the Discharge of Senior Priority Obligations, and the Senior Priority Representative shall agree on behalf of the Senior Priority Creditors to allow all one or more Senior Priority Creditors to provide any Borrower or any Guarantor with, or the Senior Priority Representative shall consent to a third party providing, any financing under Section 364 of the Bankruptcy Code or consent to any order for the use of cash collateral under Section 363 of the Bankruptcy Code ("DIP Financing"), with such DIP Financing to be secured by all or any portion of the Collateral (including assets that, but for the application of Section 552

of the Bankruptcy Code would be Collateral) and/or entitled to a superpriority claim under Section 364 or 507 of the Bankruptcy Code, then any Junior Priority Agent, each on behalf of itself and any Junior Priority Secured Parties represented thereby, agrees that it will raise no objection and will not directly or indirectly support any objection to such DIP Financing or to Liens securing the same or the superpriority claim to which such DIP Financing is entitled on the grounds of a failure to provide "adequate protection" for the Liens of any Junior Priority Agent securing the Junior Priority Obligations or on any other grounds (and will not request any adequate protection solely as a result of such DIP Financing) so long as (i) such Junior Priority Agent retains its Lien on the Collateral to secure the relevant Junior Priority Obligations (in each case, including Proceeds thereof arising after the commencement of the case under the Bankruptcy Code) and such Lien has the same priority relative to the Senior Priority Liens as existed prior to the commencement of the case under the Bankruptcy Code and (ii) if the Senior Priority Agent receives an adequate protection Lien on assets of such Borrower or Guarantor to secure the Senior Priority Obligations, as the case may be, each Junior Priority Agent also receives an adequate protection Lien on such assets of such Borrower or Guarantor to secure the relevant Junior Priority Obligations, provided that (x) such Liens in favor of the Senior Priority Agent and the Junior Priority Agent shall be subject to the provisions of Section 6.01(b) hereof and (y) the foregoing provisions of this Section 6.01(a) shall not prevent any Junior Priority Agent and the Junior Priority Secured Parties from objecting to any provision in any DIP Financing relating to any provision or content of a Plan of Reorganization that is not a Conforming Plan Reorganization.

(b) All Liens granted to any Senior Priority Agent or Junior Priority Agent in any Insolvency Proceeding, whether as adequate protection or otherwise, are intended by the Parties to be and shall be deemed to be subject to the Lien Priority and the other terms and conditions of this Agreement; provided, however, that the foregoing shall not alter any super-priority of any Liens securing any DIP Financing in accordance with this Section 6.01.

Section 6.02 Relief from Stay. Until the Discharge of Senior Priority Obligations, each Junior Priority Agent, for and on behalf of itself and the Junior Priority Creditors represented thereby, agrees not to seek relief from the automatic stay or any other stay in any Insolvency Proceeding in respect of any portion of the Collateral without each Senior Priority Agent's express written consent.

Section 6.03 No Contest. Each Junior Priority Agent, for and on behalf of itself and the Junior Priority Creditors represented thereby, agrees that, prior to the Discharge of Senior Priority Obligations, none of them shall contest (or directly or indirectly support any other Person contesting) (i) any request by any Senior Priority Agent or Senior Priority Creditor for adequate protection of its interest in the Collateral (unless in contravention of Section 6.01 hereof), or (ii) any objection by any Senior Priority Agent or Senior Priority Creditor to any motion, relief, action or proceeding based on a claim by such Senior Priority Agent or Senior Priority Creditor that its interests in the Collateral (unless in contravention of Section 6.01 hereof) are not adequately protected (or any other similar request under any law applicable to an Insolvency Proceeding), so long as any Liens granted to such Senior Priority Agent as adequate protection of its interests are subject to this Agreement. Except as may be separately otherwise agreed in writing by and between or among any applicable Senior Priority Agents, in each case on behalf of itself and any Senior Priority Creditors represented thereby, any Senior Priority

Agent, for and on behalf of itself and any Senior Priority Creditors represented thereby, agrees that, prior to the applicable Discharge of Senior Priority Obligations, none of them shall directly or indirectly contest (or support any other Person contesting) (a) any request by any other Senior Priority Agent or any Senior Priority Creditor represented by such other Senior Priority Agent for adequate protection of its interest in the Collateral (unless in contravention of Section 6.01 hereof), or (b) any objection by such other Senior Priority Agent or any Senior Priority Creditor to any motion, relief, action, or proceeding based on a claim by such other Senior Priority Agent or any Senior Priority Creditor represented by such other Senior Priority Agent that its interests in the Collateral (unless in contravention of Section 6.01 hereof) are not adequately protected (or any other similar request under any law applicable to an Insolvency Proceeding), so long as any Liens granted to such other Senior Priority Agent as adequate protection of its interests are subject to this Agreement. Except as may be separately otherwise agreed in writing by and between or among any applicable Junior Priority Agents, in each case on behalf of itself and any Junior Priority Creditors represented thereby, any Junior Priority Agent, for and on behalf of itself and any Junior Priority Creditors represented thereby, agrees that, prior to the applicable Discharge of Junior Priority Obligations, none of them shall directly or indirectly contest (or support any other Person contesting) (a) any request by any other Junior Priority Agent or any Junior Priority Creditor represented by such other Junior Priority Agent for adequate protection of its interest in the Collateral (unless in contravention of Section 6.01 hereof), or (b) any objection by such other Junior Priority Agent or any Junior Priority Creditor to any motion, relief, action, or proceeding based on a claim by such other Junior Priority Agent or any Junior Priority Creditor represented by such other Junior Priority Agent that its interests in the Collateral (unless in contravention of Section 6.01 hereof) are not adequately protected (or any other similar request under any law applicable to an Insolvency Proceeding), so long as any Liens granted to such other Junior Priority Agent as adequate protection of its interests are subject to this Agreement.

Section 6.04 Asset Sales. Each Junior Priority Agent agrees, for and on behalf of itself and the Junior Priority Creditors represented thereby, that it will not oppose any sale consented to by the Senior Priority Representative of any Collateral pursuant to Section 363(f) of the Bankruptcy Code (or any similar provision under the law applicable to any Insolvency Proceeding) so long as the Liens granted to the Junior Priority Agents attach to the proceeds of such sale with the same priority and validity as such Liens or such Collateral and the proceeds of such sale are applied in accordance with this Agreement. Nothing in this Section 6.04 shall prevent any Junior Priority Creditors or the Junior Priority Agent on their behalf from (x) presenting a cash bid for any assets of any Loan Party, or purchasing such assets for cash at any sale hearing under Section 363 of the Bankruptcy Code or at any public or judicial foreclosure sale or (y) making a credit bid for any assets of any Loan Party pursuant to Section 363(k) of the Bankruptcy Code (provided that such credit bid may only be made if either the Discharge of Senior Priority Obligations has occurred or will occur concurrently as a result of a cash bid for such assets in addition to such credit bid or the Senior Priority Agent approves such credit bid).

Section 6.05 Separate Grants of Security and Separate Classification. Each Secured Party acknowledges and agrees that (i) the grants of Liens pursuant to the Senior Priority Collateral Documents and the Junior Priority Collateral Documents constitute separate and distinct grants of Liens and (ii) the Senior Priority Obligations are fundamentally different from the Junior Priority Obligations and must be separately classified in any Plan of Reorganization

proposed or adopted in an Insolvency Proceeding because of, among other things, their differing rights in the Collateral. To further effectuate the intent of the parties as provided in the immediately preceding sentence, if it is held that the claims of the Senior Priority Secured Parties, on the one hand, and the Junior Priority Secured Parties, on the other hand, in respect of the Collateral constitute only one secured claim (rather than separate classes of senior and junior secured claims) or are classified in the same class of secured claims in any Plan of Reorganization, then the Secured Parties hereby acknowledge and agree that all distributions with respect to the Collateral shall be made as if there were separate classes of Senior Priority Obligation claims and Junior Priority Obligation claims against the Loan Parties, with the effect being that, to the extent that the aggregate value of the Collateral is sufficient (for this purpose ignoring all claims held by the Junior Priority Secured Parties), the Senior Priority Secured Parties shall be entitled to receive, in addition to amounts distributed to them in respect of principal, prepetition interest and other claims, all amounts owing in respect of postpetition interest that is available from the Collateral for each of the Senior Priority Secured Parties, before any distribution is made in respect of the claims held by the Junior Priority Secured Parties, with the Junior Priority Secured Parties hereby acknowledging and agreeing to turn over to the Senior Priority Secured Parties amounts otherwise received or receivable by them to the extent necessary to effectuate the intent of this sentence, even if such turnover has the effect of reducing their aggregate recoveries. The foregoing sentence is subject to any separate agreement by and between any Additional Agent, on behalf of itself and the Additional Credit Facility Secured Parties represented thereby, and any other Additional Agent, on behalf of itself and the Additional Credit Facility Secured Parties represented thereby, with respect to the Obligations owing to any such Additional Agent and Additional Credit Facility Secured Parties.

Section 6.06 Enforceability. The provisions of this Agreement are intended to be and shall be enforceable as a "subordination agreement" under Section 510(a) of the Bankruptcy Code.

Section 6.07 Senior Priority Obligations Unconditional. All rights of the Senior Priority Agents hereunder, and all agreements and obligations of the Junior Priority Agents and the Loan Parties (to the extent applicable) hereunder, shall remain in full force and effect irrespective of:

(i) any lack of validity or enforceability of any Senior Priority Document;

(ii) any change in the time, place or manner of payment of, or in any other term of, all or any portion of the Senior Priority Obligations, or any amendment, waiver or other modification, whether by course of conduct or otherwise, or any refinancing, replacement, refunding or restatement of any Senior Priority Document;

(iii) any exchange, release, voiding, avoidance or non-perfection of any security interest in any Collateral or any other collateral, or any release, amendment, waiver or other modification, whether by course of conduct or otherwise, or any refinancing, replacement, refunding, restatement or increase of all or any portion of the Senior Priority Obligations or any guarantee or guaranty thereof;

(iv) the commencement of any Insolvency Proceeding in respect of any Borrower or any other Loan Party; or

(v) any other circumstances that otherwise might constitute a defense available to, or a discharge of, any Loan Party in respect of the Senior Priority Obligations, or of any of the Junior Priority Agent or any Loan Party, to the extent applicable, in respect of this Agreement.

Section 6.08 Junior Priority Obligations Unconditional. All rights of the Junior Priority Agents hereunder, and all agreements and obligations of the Senior Priority Agents and the Loan Parties (to the extent applicable) hereunder, shall remain in full force and effect irrespective of:

(i) any lack of validity or enforceability of any Junior Priority Document;

(ii) any change in the time, place or manner of payment of, or in any other term of, all or any portion of the Junior Priority Obligations, or any amendment, waiver or other modification, whether by course of conduct or otherwise, or any refinancing, replacement, refunding or restatement of any Junior Priority Document;

(iii) any exchange, release, voiding, avoidance or non perfection of any security interest in any Collateral, or any other collateral, or any release, amendment, waiver or other modification, whether by course of conduct or otherwise, or any refinancing, replacement, refunding, restatement or increase of all or any portion of the Junior Priority Obligations or any guarantee or guaranty thereof;

(iv) the commencement of any Insolvency Proceeding in respect of any Borrower or any other Loan Party; or

(v) any other circumstances that otherwise might constitute a defense available to, or a discharge of, any Loan Party in respect of the Junior Priority Obligations, or of any of the Senior Priority Agent or any Loan Party, to the extent applicable, in respect of this Agreement.

Section 6.09 Adequate Protection.

(a) Except as expressly provided in this Agreement (including Section 6.01 and this Section 6.09), nothing in this Agreement shall limit the rights of any Agent and the Secured Parties represented thereby from seeking or requesting adequate protection with respect to their interests in the applicable Collateral in any Insolvency Proceeding, including adequate protection in the form of payments, periodic cash payments, cash payments of interest, additional collateral or otherwise; provided that (a) in the event that any Junior Priority Agent, on behalf of itself or any of the Junior Priority Creditors represented thereby, seeks or requests adequate protection in respect of the relevant Junior Priority Obligations and such adequate protection is granted in the form of a Lien on additional collateral, then each Junior Priority Agent, on behalf of itself and the Junior Priority Creditors represented thereby, agrees that (i) each Senior Priority Agent shall also be granted a senior Lien on such collateral as security for the Senior Priority Obligations owing to such Senior Priority Agent and the Senior Priority Secured Parties represented thereby, and that any Lien on such collateral securing the Junior Priority Obligations shall be junior to

any Lien on such collateral securing the Senior Priority Obligations and (ii) each other Junior Priority Agent shall also be granted a pari passu Lien on such collateral as security for the Junior Priority Obligations owing to such other Junior Priority Agent and the Junior Priority Secured Parties represented thereby, and that any such Lien on such collateral securing such Junior Priority Obligations shall be pari passu to each such other Lien on such collateral securing such other Junior Priority Obligations (except as may be separately otherwise agreed in writing by and between or among any applicable Junior Priority Agents, in each case on behalf of itself and the Junior Priority Secured Parties represented thereby), and (b) in the event that any Senior Priority Agent, for or on behalf of itself or any Senior Priority Creditor represented thereby, seeks or requests adequate protection in respect of the Senior Priority Obligations and such adequate protection is granted in the form of a Lien on additional collateral, then such Senior Priority Agent, for and on behalf of itself and the Senior Priority Creditors represented thereby, agrees that (i) each other Senior Priority Agent shall also be granted a pari passu Lien on such collateral as security for the Senior Priority Obligations owing to such other Senior Priority Agent and the Senior Priority Secured Parties represented thereby, and that any such Lien on such collateral securing such Senior Priority Obligations shall be pari passu to each such other Lien on such collateral securing such other Senior Priority Obligations (except as may be separately otherwise agreed in writing by and between or among any applicable Senior Priority Agents, in each case on behalf of itself and the Senior Priority Secured Parties represented thereby) and (ii) each Junior Priority Agent shall also be granted a junior Lien on such collateral as security for the Junior Priority Obligations owing to such other Junior Priority Agent and the Junior Priority Secured Parties represented thereby, and that any such Lien on such collateral securing such Junior Priority Obligations shall be junior to each Lien on such collateral securing Senior Priority Obligations.

(b) Any claim by any Junior Priority Secured Party under Section 507(b) of the Bankruptcy Code will be subordinate in right of payment to any claim of any Senior Priority Secured Party under Section 507(b) of the Bankruptcy Code and any payment thereof will be deemed to be Proceeds of Collateral, provided that, any such Junior Priority Secured Party will be deemed to have agreed pursuant to Section 1129(a)(9) of the Bankruptcy Code that such Section 507(b) claims may be paid under a Plan of Reorganization in any form having a value on the effective date of such Plan of Reorganization equal to the allowed amount of such claims.

Section 6.10 Certain Waivers.

(a) Each Junior Priority Agent, for itself and on behalf of the Junior Priority Creditors represented thereby, waives any claim any Junior Priority Creditor may hereafter have against any Senior Priority Creditor arising out of the election by any Senior Priority Creditor of the application of Section 1111(b)(2) of the Bankruptcy Code, or any comparable provision of any other Bankruptcy Law.

(b) Each Junior Priority Agent, on behalf of itself and the Junior Priority Creditors represented thereby, agrees that none of them shall (i) object, contest, or directly or indirectly support any other Person objecting to or contesting, any request by any Senior Priority Agent or any of the other Senior Priority Creditors for the payment of interest, fees, expenses or other amounts to such Senior Priority Agent or any other Senior Priority Creditor under Section 506(b) of the Bankruptcy Code or otherwise, or (ii) assert or directly or indirectly support any claim

against any Senior Priority Creditor for costs or expenses of preserving or disposing of any Collateral under Section 506(c) of the Bankruptcy Code or any similar provision of any other Bankruptcy Law.

(c) No Senior Priority Agent nor any other holder of Senior Priority Obligations shall object to, oppose, or challenge any claim by the Junior Priority Agent or any holder of Junior Priority Obligations for allowance in any Insolvency Proceeding of Junior Priority Obligations consisting of post-petition interest, default interest, premiums, fees, or expenses.

ARTICLE VII.

MISCELLANEOUS

Section 7.01 Rights of Subrogation. Each Junior Priority Agent, for and on behalf of itself and the Junior Priority Creditors represented thereby, agrees that no payment by such Junior Priority Agent or any such Junior Priority Creditor to any Senior Priority Agent or Senior Priority Creditor pursuant to the provisions of this Agreement shall entitle such Junior Priority Agent or Junior Priority Creditor to exercise any rights of subrogation in respect thereof until the Discharge of Senior Priority Obligations. Following the Discharge of Senior Priority Obligations with respect to the Senior Priority Obligations, each Senior Priority Agent agrees to execute such documents, agreements, and instruments as any Junior Priority Agent or Junior Priority Creditor may reasonably request to evidence the transfer by subrogation to any such Person of an interest in the Senior Priority Obligations resulting from payments to such Senior Priority Agent by such Person, so long as all costs and expenses (including all reasonable legal fees and disbursements) incurred in connection therewith by such Senior Priority Agent are paid by such Person upon request for payment thereof.

Section 7.02 Further Assurances. The Parties will, at their own expense and at any time and from time to time, promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary or desirable, or that any Party may reasonably request, in order to protect any right or interest granted or purported to be granted hereby or to enable such Party to exercise and enforce its rights and remedies hereunder; provided, however, that no Party shall be required to pay over any payment or distribution, execute any instruments or documents, or take any other action referred to in this Section 7.02, to the extent that such action would contravene any law, order or other legal requirement or any of the terms or provisions of this Agreement, and in the event of a controversy or dispute, such Party may interplead any payment or distribution in any court of competent jurisdiction, without further responsibility in respect of such payment or distribution under this Section 7.02.

Section 7.03 Agent Representations. The Original First Lien Agent represents and warrants to each other Agent that it has the requisite power and authority under the Original First Lien Documents to enter into, execute, deliver, and carry out the terms of this Agreement on behalf of itself and the Original First Lien Secured Parties. The [ ][i] [First/Second][ii] Lien Agent represents and warrants to each other Agent that it has the requisite power and authority under the [ ][i] [First/Second][ii] Lien Documents to enter into, execute, deliver, and carry out the terms of this Agreement on behalf of itself and the [ ][i] [First/Second][ii] Lien Creditors. Each Additional Agent represents and warrants to each other Agent that it has the requisite power and

authority under the applicable Additional Documents to enter into, execute, deliver, and carry out the terms of this Agreement on behalf of itself and any Additional Credit Facility Secured Parties represented thereby.

Section 7.04 Amendments.

(a) No amendment, modification or waiver of any provision of this Agreement, and no consent to any departure by any Party hereto, shall be effective unless it is in a written agreement executed by each Senior Priority Agent and each Junior Priority Agent. Notwithstanding the foregoing, the Original First Lien Borrower may, without the consent of any Party hereto, amend this Agreement to add an Additional Agent by (x) executing an Additional Indebtedness Joinder as provided in Section 7.11 or (y) executing a joinder agreement substantially in the form of Exhibit C attached hereto. No amendment, modification or waiver of any provision of this Agreement, and no consent to any departure therefrom by any Party hereto, that changes, alters, modifies or otherwise affects any power, privilege, right, remedy, liability or obligation of, or otherwise affects in any manner, any Additional Agent that is not then a Party, or any Additional Credit Facility Secured Party not then represented by an Additional Agent that is then a Party (including but not limited to any change, alteration, modification or other effect upon any power, privilege, right, remedy, liability or obligation of or other effect upon any such Additional Agent or Additional Credit Facility Secured Party that may at any subsequent time become a Party or beneficiary hereof) shall be effective unless it is consented to in writing by the Original First Lien Borrower (regardless of whether any such Additional Agent or Additional Credit Facility Secured Party ever becomes a Party or beneficiary hereof). Any amendment, modification or waiver of any provision of this Agreement that would have the effect, directly or indirectly, through any reference in any Credit Document to this Agreement or otherwise, of waiving, amending, supplementing or otherwise modifying any Credit Document, or any term or provision thereof, or any right or obligation of the Original First Lien Borrower or any other Loan Party thereunder or in respect thereof, shall not be given such effect except pursuant to a written instrument executed by the Original First Lien Borrower and each other affected Loan Party. No amendment to Section 5.02(a) or (b) shall be effective unless it is consented to in writing by the Original First Lien Borrower.

(b) In the event that any Senior Priority Agent or the requisite Senior Priority Creditors enter into any amendment, waiver or consent in respect of or replace any Senior Priority Collateral Document for the purpose of adding to, or deleting from, or waiving or consenting to any departures from any provisions of, any Senior Priority Collateral Document relating to the Collateral and/or any Excluded Cash Collateral or changing in any manner the rights of the Senior Priority Agent, the Senior Priority Creditors, or any Loan Party with respect to the Collateral and/or any Excluded Cash Collateral (including, subject to Section 2.04(b), the release of any Liens on Collateral), then such amendment, waiver or consent shall apply automatically to any comparable provision of each Junior Priority Collateral Document without the consent of or any actions by any Junior Priority Agent or any Junior Priority Creditors; provided, that such amendment, waiver or consent does not materially adversely affect the rights or interests of the Junior Priority Creditors in the Collateral (including any license or right of use granted to them by any Loan Party pursuant to any Junior Priority Collateral Document with respect to intellectual property owned by such Loan Party as it pertains to the rights or interests of the Junior Priority Creditors in the Collateral). The applicable Senior Priority Agent shall give

written notice of such amendment, waiver or consent to the Junior Priority Agents and, if requested by any Junior Priority Agent, promptly provide copies of any documents executed and delivered in connection with such amendment, waiver or consent; provided that the failure to give such notice or provide such documents shall not affect the effectiveness of such amendment, waiver or consent with respect to the provisions of any Junior Priority Collateral Document as set forth in this Section 7.04(b).

Section 7.05 Addresses for Notices. Unless otherwise specifically provided herein, any notice or other communication herein required or permitted to be given shall be in writing and may be personally served, faxed, or sent by overnight express courier service or United States mail and shall be deemed to have been given when delivered in person or by courier service, upon receipt of a facsimile or five days after deposit in the United States mail (certified, with postage prepaid and properly addressed). For the purposes hereof, the addresses of the parties hereto (until notice of a change thereof is delivered as provided in this Section) shall be as set forth below or, as to each party, at such other address as may be designated by such party in a written notice to all of the other parties.

Original First Lien Agent:

[ ]

and

[ ]

With copies (which shall not constitute notice) to:

[ ]

[ ][i] ***[First/Second]***[ii] ***Lien Agent***:

[ ]

and

[ ]

With copies (which shall not constitute notice) to:

[ ]

Any Additional Agent: As set forth in the Additional Indebtedness Joinder executed and delivered by such Additional Agent pursuant to Section 7.11.

Section 7.06 No Waiver, Cumulative Remedies. No failure on the part of any Party to exercise, and no delay in exercising, any right, remedy, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

Section 7.07 Continuing Agreement, Transfer of Secured Obligations. This Agreement is a continuing agreement and shall (a) remain in full force and effect (x) with respect to all Senior Priority Secured Parties and Senior Priority Obligations, until the Discharge of Senior Priority Obligations, subject to Section 5.03 and (y) with respect to all Junior Priority Secured Parties and Junior Priority Obligations, until the later of the Discharge of Senior Priority Obligations and the Discharge of Junior Priority Obligations, (b) be binding upon the Parties and their successors and assigns, and (c) inure to the benefit of and be enforceable by the Parties and their respective successors, transferees and assigns. Nothing herein is intended, or shall be construed to give, any other Person any right, remedy or claim under, to or in respect of this Agreement or any Collateral, subject to Section 7.10. All references to any Loan Party shall include any Loan Party as debtor-in-possession and any receiver or trustee for such Loan Party in any Insolvency Proceeding. Without limiting the generality of the foregoing clause (c), any Senior Priority Agent, Senior Priority Creditor, Junior Priority Agent or Junior Priority Creditor may assign or otherwise transfer all or any portion of the Senior Priority Obligations or the Junior Priority Obligations, as applicable, to any other Person, and such other Person shall thereupon become vested with all the rights and obligations in respect thereof granted to such Senior Priority Agent, Junior Priority Agent, Senior Priority Creditor or Junior Priority Creditor, as the case may be, herein or otherwise. The Senior Priority Secured Parties and the Junior Priority Secured Parties may continue, at any time and without notice to the other Parties hereto, to extend credit and other financial accommodations, lend monies and provide Indebtedness to, or for the benefit of, any Loan Party on the faith hereof.

Section 7.08 GOVERNING LAW. THIS AGREEMENT AND ANY CLAIMS, CONTROVERSY, DISPUTE OR CAUSE OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF OR RELATING TO THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

Section 7.09 Counterparts. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. Delivery of an executed signature page of this Agreement by facsimile transmission shall be effective as delivery of a manually executed counterpart hereof.

Section 7.10 No Third-Party Beneficiaries. This Agreement and the rights and benefits hereof shall inure to the benefit of each of the Parties hereto and its respective successors and assigns and shall inure to the benefit of each of the Senior Priority Agents, the Senior Priority Creditors, the Junior Priority Agents, the Junior Priority Creditors and the Original First Lien Borrower and the other Loan Parties. No other Person shall have or be entitled to assert rights or benefits hereunder.

Section 7.11 Designation of Additional Indebtedness; Joinder of Additional Agents.

(a) The Original First Lien Borrower may designate any Additional Indebtedness complying with the requirements of the definition of "Additional Indebtedness" as Additional Indebtedness for purposes of this Agreement, upon complying with the following conditions:

(i) one or more Additional Agents for one or more Additional Credit Facility Secured Parties in respect of such Additional Indebtedness shall have executed the Additional Indebtedness Joinder with respect to such Additional Indebtedness, and the Original First Lien Borrower or any such Additional Agent shall have delivered such executed Additional Indebtedness Joinder to the Original First Lien Agent, the [ ][i] [First/Second][ii] Lien Agent and any other Additional Agent then party to this Agreement;

(ii) at least five Business Days (unless a shorter period is agreed in writing by the Parties and the Original First Lien Borrower) prior to delivery of the Additional Indebtedness Joinder, the Original First Lien Borrower shall have delivered to the Original First Lien Agent, the [ ][i] [First/Second][ii] Lien Agent and any other Additional Agent then party to this Agreement complete and correct copies of any Additional Credit Facility, Additional Guarantees and Additional Collateral Documents that will govern such Additional Indebtedness upon giving effect to such designation (which may be unexecuted copies of Additional Documents to be executed and delivered concurrently with the effectiveness of such designation);

(iii) the Original First Lien Borrower shall have executed and delivered to the Original First Lien Agent, the [ ][i] [First/Second][ii] Lien Agent and any other Additional Agent then party to this Agreement the Additional Indebtedness Designation (including whether such Additional Indebtedness is designated Senior Priority Debt or Junior Priority Debt) with respect to such Additional Indebtedness;

(iv) all state and local stamp, recording, filing, intangible and similar taxes or fees (if any) that are payable in connection with the inclusion of such Additional Indebtedness under this Agreement shall have been paid and reasonable evidence thereof shall have been given to the Original First Lien Agent, the [ ][i] [First/Second][ii] Lien Agent and any other Additional Agent then party to this Agreement; and

(v) any applicable requirement that no Event of Default exists or arises from the issuance of such Additional Indebtedness, or any applicable comparable requirement, shall have been satisfied or waived.

No Additional Indebtedness may be designated both Senior Priority Debt and Junior Priority Debt.

(b) Upon satisfaction of the conditions specified in the preceding Section 7.11(a), the designated Additional Indebtedness shall constitute "Additional Indebtedness", any Additional Credit Facility under which such Additional Indebtedness is or may be incurred shall constitute an "Additional Credit Facility", any holder of such Additional Indebtedness or other applicable Additional Credit Facility Secured Party shall constitute an "Additional Credit Facility Secured Party", and any Additional Agent for any such Additional Credit Facility Secured Party shall constitute an "Additional Agent" for all purposes under this Agreement. The date on which such

conditions specified in clause (a) shall have been satisfied with respect to any Additional Indebtedness is herein called the "Additional Effective Date" with respect to such Additional Indebtedness. Prior to the Additional Effective Date with respect to any Additional Indebtedness, all references herein to Additional Indebtedness shall be deemed not to take into account such Additional Indebtedness, and the rights and obligations of the Original First Lien Agent, the [ ][i] [First/Second][ii] Lien Agent and each other Additional Agent then party to this Agreement shall be determined on the basis that such Additional Indebtedness is not then designated. On and after the Additional Effective Date with respect to such Additional Indebtedness, all references herein to Additional Indebtedness shall be deemed to take into account such Additional Indebtedness, and the rights and obligations of the Original First Lien Agent, the [ ][i] [First/Second][ii] Lien Agent and each other Additional Agent then party to this Agreement shall be determined on the basis that such Additional Indebtedness is then designated.

(c) In connection with any designation of Additional Indebtedness pursuant to this Section 7.11, each of the Original First Lien Agent, the [ ][i] [First/Second][ii] Lien Agent and each Additional Agent then party hereto agrees at the Original First Lien Borrower's expense (x) to execute and deliver any amendments, amendments and restatements, restatements or waivers of or supplements to or other modifications to, any Original First Lien Collateral Documents, [ ][i] [First/Second][ii] Lien Priority Collateral Documents or Additional Collateral Documents, as applicable, and any agreements relating to any security interest in Control Collateral and Cash Collateral, and to make or consent to any filings or take any other actions (including executing and recording any mortgage subordination or similar agreement), as may be reasonably deemed by the Original First Lien Borrower to be necessary or reasonably desirable for any Lien on any Collateral to secure such Additional Indebtedness to become a valid and perfected Lien (with the priority contemplated by the applicable Additional Indebtedness Designation delivered pursuant to this Section 7.11 and by this Agreement), and (y) otherwise to reasonably cooperate to effectuate a designation of Additional Indebtedness pursuant to this Section 7.11 (including if requested, by executing an acknowledgment of any Additional Indebtedness Joinder or of the occurrence of any Additional Effective Date).

Section 7.12 Senior Priority Representative; Notice of Senior Priority Representative Change. The Senior Priority Representative shall act for the Senior Priority Secured Parties as provided in this Agreement, and shall be entitled to so act at the direction of the Requisite Senior Priority Holders from time to time. Until a Party (other than the existing Senior Priority Representative) receives written notice from the existing Senior Priority Representative, in accordance with Section 7.05 of this Agreement, of a change in the identity of the Senior Priority Representative, such Party shall be entitled to act as if the existing Senior Priority Representative is in fact the Senior Priority Representative. Each Party (other than the existing Senior Priority Representative) shall be entitled to rely upon any written notice of a change in the identity of the Senior Priority Representative which facially appears to be from the then existing Senior Priority Representative and is delivered in accordance with Section 7.05 and such Agent shall not be required to inquire into the veracity or genuineness of such notice. Each existing Senior Priority Representative from time to time agrees to give prompt written notice to each Party of any change in the identity of the Senior Priority Representative.

Section 7.13 [Reserved].

Section 7.14 Provisions Solely to Define Relative Rights. The provisions of this Agreement are and are intended solely for the purpose of defining the relative rights of the Senior Priority Secured Parties and the Junior Priority Secured Parties, respectively. Nothing in this Agreement is intended to or shall impair the rights of the Original First Lien Borrower or any other Loan Party, or the obligations of the Original First Lien Borrower or any other Loan Party to pay the Original First Lien Obligations, the [ ][i] [First/Second][ii] Lien Obligations and any Additional Obligations as and when the same shall become due and payable in accordance with their terms.

Section 7.15 Headings. The headings of the articles and sections of this Agreement are inserted for purposes of convenience only and shall not be construed to affect the meaning or construction of any of the provisions hereof.

Section 7.16 Severability. If any of the provisions in this Agreement shall, for any reason, be held invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision of this Agreement and shall not invalidate the Lien Priority or the application of Proceeds and other priorities set forth in this Agreement.

Section 7.17 Attorneys' Fees. The Parties agree that if any dispute, arbitration, litigation, or other proceeding is brought with respect to the enforcement of this Agreement or any provision hereof, the prevailing party in such dispute, arbitration, litigation, or other proceeding shall be entitled to recover its reasonable attorneys' fees and all other costs and expenses incurred in the enforcement of this Agreement, irrespective of whether suit is brought.

Section 7.18 VENUE; JURY TRIAL WAIVER.

(a) EACH PARTY HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE EXCLUSIVE JURISDICTION OF THE SUPREME COURT OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT RELATED THERETO, AND EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE COURT OR, TO THE EXTENT PERMITTED BY LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW.

(b) EACH PARTY HERETO HEREBY WAIVES ITS RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREIN, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS. EACH PARTY

HERETO REPRESENTS THAT IT HAS REVIEWED THIS WAIVER AND IT KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. IN THE EVENT OF LITIGATION, A COPY OF THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

(c) EACH PARTY TO THIS AGREEMENT IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 7.05. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY TO THIS AGREEMENT TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW.

Section 7.19 Intercreditor Agreement. This Agreement is the "Intercreditor Agreement" referred to in the Original First Lien Credit Agreement, the [ ][i] [First/Second][ii] Lien Priority Credit Facility and each Additional Credit Facility. Nothing in this Agreement shall be deemed to subordinate the right of any Junior Priority Secured Party to receive payment to the right of any Senior Priority Secured Party (whether before or after the occurrence of an Insolvency Proceeding), it being the intent of the Parties that this Agreement shall effectuate a subordination of Liens as between the Senior Priority Secured Parties, on the one hand, and the Junior Priority Secured Parties, on the other hand, but not a subordination of Indebtedness.

Section 7.20 No Warranties or Liability. Each Party acknowledges and agrees that none of the other Parties has made any representation or warranty with respect to the execution, validity, legality, completeness, collectability or enforceability of any other Original First Lien Document, any [ ][i] [First/Second][ii] Lien Document or any other Additional Document. Except as otherwise provided in this Agreement, each Party will be entitled to manage and supervise its respective extensions of credit to any Loan Party in accordance with law and their usual practices, modified from time to time as they deem appropriate.

Section 7.21 Conflicts. In the event of any conflict between the provisions of this Agreement and the provisions of any Original First Lien Document, any [ ][i] [First/Second][ii] Lien Document or any Additional Document, the provisions of this Agreement shall govern. The parties hereto acknowledge that the terms of this Agreement are not intended to negate any specific rights granted to, or obligations of, the Original First Lien Borrower or any other Loan Party in the Original First Lien Documents, the [ ][i] [First/Second][ii] Lien Documents or any Additional Documents.

Section 7.22 Information Concerning Financial Condition of the Loan Parties. No Party has any responsibility for keeping any other Party informed of the financial condition of the Loan Parties or of other circumstances bearing upon the risk of nonpayment of the Original First Lien Obligations, the [ ][i] [First/Second][ii] Lien Obligations or any Additional Obligations, as applicable. Each Party hereby agrees that no Party shall have any duty to advise any other Party of information known to it regarding such condition or any such circumstances. In the event any Party, in its sole discretion, undertakes at any time or from time to time to provide any information to any other Party to this Agreement, it shall be under no obligation (a) to provide any such information to such other Party or any other Party on any subsequent occasion, (b) to undertake any investigation not a part of its regular business routine, (c) to disclose any other information or (d) make any express or implied representation or warranty, including with respect to the accuracy, completeness, truthfulness or validity of any such information so provided.

Section 7.23 Excluded Assets. For the avoidance of doubt, nothing in this Agreement (including Sections 2.01, 4.01, 6.01 and 6.09 hereof) shall be deemed to provide or require that any Agent or any Secured Party represented thereby receive any Proceeds of, or any Lien on, any Property of any Loan Party that constitutes "Excluded Assets" under (and as defined in) the applicable Credit Facility or any related Credit Document to which such Agent is a party.

[Signature pages follow]

IN WITNESS WHEREOF, the Original First Lien Agent, for and on behalf of itself and the Original First Lien Secured Parties, and the [ ][i] [First/Second][ii] Lien Agent, for and on behalf of itself and the [ ][i] [First/Second][ii] Lien Creditors, have caused this Agreement to be duly executed and delivered as of the date first above written.

[ ]
in its capacity as Original First Lien Agent

By: _____
Name:
Title:

[ ]
in its capacity as [ ][i] [First/Second][ii] Lien Agent

By: _____
Name:
Title:

[Signature Page to Intercreditor Agreement]

ACKNOWLEDGMENT

Each Loan Party hereby acknowledges that it has received a copy of this Agreement and consents thereto, agrees to recognize all rights granted thereby to the Original First Lien Agent, the Original First Lien Secured Parties, the [ ][i] [First/Second][ii] Lien Agent, the [ ][i] [First/Second][ii] Lien Creditors, any Additional Agent and any Additional Credit Facility Secured Parties, and will not do any act or perform any obligation which is not in accordance with the agreements set forth in this Agreement.

LOAN PARTIES:

AMERICAN AIRLINES, INC.

By: _____
Name:
Title:

AMERICAN AIRLINES GROUP INC.

By: _____
Name:
Title:

[Signature Page to Intercreditor Agreement]

I. ADDITIONAL INDEBTEDNESS DESIGNATION

DESIGNATION dated as of , 20 , by [COMPANY][44] (the "Company"). Capitalized terms used herein and not otherwise defined herein shall have the meaning specified in the Intercreditor Agreement (as amended, supplemented, waived or otherwise modified from time to time, the "Intercreditor Agreement") entered into as of [ ], among [ ], in its capacity as collateral agent (together with its successors and assigns in such capacity from time to time, and as further defined in the Intercreditor Agreement, the "Original First Lien Agent") for the Original First Lien Secured Parties, [ ], in its capacity as collateral agent (together with its successors and assigns in such capacity from time to time, and as further defined in the Intercreditor Agreement, the "[ ][i] [First/Second] [ii] Lien Agent") for the [ ][i] [First/Second][ii] Lien Secured Parties [[ ], as Additional Agent for the Additional Credit Facility Creditors under the [describe applicable Additional Credit Facility]].[45] Capitalized terms used herein and not otherwise defined herein shall have the meaning specified in the Intercreditor Agreement.

Reference is made to that certain [insert name of Additional Credit Facility], dated as of , 20 (the "Additional Credit Facility"), among [list any applicable Loan Party], [list Additional Credit Facility Secured Parties] [and Additional Agent, as agent (the "Additional Agent")].[46]

Section 7.11 of the Intercreditor Agreement permits the Company to designate Additional Indebtedness under the Intercreditor Agreement. Accordingly:

A. Representations and Warranties. The Company hereby represents and warrants to the Original First Lien Agent, the [ ][i] [First/Second][ii] Lien Agent, and any Additional Agent that:

1. The Additional Indebtedness incurred or to be incurred under the Additional Credit Facility constitutes "Additional Indebtedness" which complies with the definition of such term in the Intercreditor Agreement;

2. all conditions set forth in Section 7.11 of the Intercreditor Agreement with respect to the Additional Indebtedness have been satisfied; and

3. any applicable requirement that no Event of Default exists or arises from the issuance of such Additional Indebtedness, or any applicable comparable requirement, has been satisfied or waived.

B. Designation of Additional Indebtedness. The Company hereby designates such Additional Indebtedness as Additional Indebtedness under the Intercreditor Agreement and such Additional Indebtedness shall constitute [Senior Priority Debt]/[Junior Priority Debt].

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44 Revise as appropriate to refer to any permitted successor or assign.

45 Revise as appropriate to refer to any successor First Lien Agent or [ ][i] [First/Second][ii] Lien Agent and to add reference to any previously added Additional Agent.

46 Revise as appropriate to refer to the relevant Additional Credit Facility, Additional Credit Facility Secured Parties and any Additional Agent.

IN WITNESS WHEREOF, the undersigned has caused this Designation to be duly executed by its duly authorized officer or other representative, all as of the day and year first above written.

[COMPANY]

By: _____

Name:

Title:

II. ADDITIONAL INDEBTEDNESS JOINDER

JOINDER, dated as of , 20 , among [COMPANY], a Delaware corporation ("Company"), [ ], in its capacity as collateral agent (together with its successors and assigns in such capacity from time to time, and as further defined in the Intercreditor Agreement, the "Original First Lien Agent")[47] for the Original First Lien Secured Parties, [ ], in its capacity as collateral agent (together with its successors and assigns in such capacity from time to time, and as further defined in the Intercreditor Agreement, the "[ ]i [First/Second]ii Lien Agent")[48] for the [ ]i [First/Second]ii Lien Secured Parties, [list any previously added Additional Agent] [and insert name of each Additional Agent under any Additional Credit Facility being added hereby as party] and any successors or assigns thereof, to the Intercreditor Agreement dated as of [ ] (as amended, supplemented, waived or otherwise modified from time to time, the "Intercreditor Agreement") among the Original First Lien Agent, [and] the [ ]i [First/Second]ii Lien Agent [and (list any previously added Additional Agent)]. Capitalized terms used herein and not otherwise defined herein shall have the meaning specified in the Intercreditor Agreement.

Reference is made to that certain [insert name of Additional Credit Facility], dated as of , 20 (the "Additional Credit Facility"), among [list any applicable Grantor], [list any applicable Additional Credit Facility Secured Parties (the "Joining Additional Creditors")] [and insert name of each applicable Additional Agent (the "Joining Additional Agent")].[49] Section 7.11 of the Intercreditor Agreement permits the Company to designate Additional Indebtedness under the Intercreditor Agreement. The Company has so designated Additional Indebtedness incurred or to be incurred under the Additional Credit Facility as Additional Indebtedness by means of an Additional Indebtedness Designation.

Accordingly, [the Joining Additional Agent, for itself and on behalf of the Joining Additional Creditors,][50] hereby agrees with the Original First Lien Agent, the [ ]i [First/Second]ii Lien Agent and any other Additional Agent party to the Intercreditor Agreement as follows:

A. Agreement to be Bound. The [Joining Additional Agent, for itself and on behalf of the Joining Additional Creditors,][51] hereby agrees to be bound by the terms and provisions of the Intercreditor Agreement and shall, as of the Additional Effective Date with respect to the Additional Credit Facility, be deemed to be a party to the Intercreditor Agreement.

47 Revise as appropriate to refer to any successor First Lien Agent.
48 Revise as appropriate to refer to any successor [ ]i [First/Second]ii Lien Agent.
49 Revise as appropriate to refer to the relevant Additional Credit Facility, Additional Credit Facility Secured Parties and any Additional Agent.
50 Revise as appropriate to refer to any Additional Agent being added hereby and any Additional Credit Facility Secured Parties represented thereby.
51 Revise references throughout as appropriate to refer to the party or parties being added.

B. Recognition of Claims. The Original First Lien Agent (for itself and on behalf of the Original First Lien Secured Parties), the [ ][i] [First/Second][ii] Lien Agent (for itself and on behalf of the [ ]i [First/Second]ii Lien Secured Parties) and [each of] the Additional Agent[s](for itself and on behalf of any Additional Credit Facility Secured Parties represented thereby) hereby agree that the interests of the respective Creditors in the Liens granted to the Original First Lien Agent, the [ ][i] [First/Second][ii] Lien Agent, or any Additional Agent, as applicable, under the applicable Credit Documents shall be treated, as among the Creditors, as having the priorities provided for in Section 2.01 of the Intercreditor Agreement, and shall at all times be allocated among the Creditors as provided therein regardless of any claim or defense (including any claims under the fraudulent transfer, preference or similar avoidance provisions of applicable bankruptcy, insolvency or other laws affecting the rights of creditors generally) to which the Original First Lien Agent, the [ ][i] [First/Second][ii] Lien Agent, any Additional Agent or any Creditor may be entitled or subject. The Original First Lien Agent (for itself and on behalf of the Original First Lien Secured Parties), the [ ][i] [First/Second][ii] Lien Agent (for itself and on behalf of the [ ][i] [First/Second][ii] Lien Creditors), and any Additional Agent party to the Intercreditor Agreement (for itself and on behalf of any Additional Credit Facility Secured Parties represented thereby) (a) recognize the existence and validity of the Additional Obligations represented by the Additional Credit Facility, and (b) agree to refrain from making or asserting any claim that the Additional Credit Facility or other applicable Additional Documents are invalid or not enforceable in accordance with their terms as a result of the circumstances surrounding the incurrence of such obligations. The [Joining Additional Agent (for itself and on behalf of the Joining Additional Creditors)] (a) recognize[s] the existence and validity of the Original First Lien Obligations and the existence and validity of the [ ][i] [First/Second][ii] Lien Obligations[52] and (b) agree[s] to refrain from making or asserting any claim that the Original First Lien Credit Agreement, the [ ][i] [First/Second][ii] Lien Credit Facility or other Original First Lien Documents or [ ][i] [First/Second][ii] Lien Documents,[53] as the case may be, are invalid or not enforceable in accordance with their terms as a result of the circumstances surrounding the incurrence of such obligations.

C. Notices. Notices and other communications provided for under the Intercreditor Agreement to be provided to [the Joining Additional Agent] shall be sent to the address set forth on Annex 1 attached hereto (until notice of a change thereof is delivered as provided in Section 7.05 of the Intercreditor Agreement).

D. Miscellaneous. **THIS JOINDER SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH AND GOVERNED BY THE LAW OF THE STATE OF NEW YORK.**

52 Add reference to any previously added Additional Credit Facility and related Additional Obligations as appropriate.
53 Add reference to any previously added Additional Credit Facility and related Additional Documents as appropriate.

IN WITNESS WHEREOF, the undersigned has caused this Joinder to be duly executed by its duly authorized officer or other representative, all as of the day and year first above written.

[ ]

By: _____

Name:

Title:

III. [ORIGINAL FIRST LIEN CREDIT AGREEMENT][[ ] [FIRST/SECOND LIEN] CREDIT AGREEMENT] JOINDER

JOINDER, dated as of , 20 , among [ ], in its capacity as collateral agent (together with its successors and assigns in such capacity from time to time, and as further defined in the Intercreditor Agreement, the "Original First Lien Agent")[xii] for the Original First Lien Secured Parties, [ ], in its capacity as collateral agent (together with its successors and assigns in such capacity from time to time, and as further defined in the Intercreditor Agreement, the "[ ][i] [First/Second]ii Lien Agent")[xiii] for the [ ][i] [First/Second][ii] Lien Secured Parties, [list any previously added Additional Agent] [and insert name of additional Original First Lien Secured Parties, Original First Lien Agent, [ ][i] [First/Second][ii] Lien Secured Parties or [ ][i] [First/Second]ii Lien Agent, as applicable, being added hereby as party] and any successors or assigns thereof, to the Intercreditor Agreement dated as of [ ], 20[ ] (as amended, supplemented, waived or otherwise modified from time to time, the "Intercreditor Agreement") among the Original First Lien Agent[xiv], [and] the [ ][i] [First/Second][ii] Lien Agent[xv] [and (list any previously added Additional Agent)]. Capitalized terms used herein and not otherwise defined herein shall have the meaning specified in the Intercreditor Agreement.

Reference is made to that certain [insert name of new facility], dated as of , 20 (the "Joining [Original First Lien Credit Agreement][[ ][i] [First/Second][ii] Lien Credit Agreement]"), among [list any applicable Credit Party], [list any applicable new Original First Lien Secured Parties or new [ ][i] [First/Second]ii Lien Secured Parties, as applicable (the "Joining [Original First][[ ][i] [First/Second][ii]] Lien Secured Parties")] [and insert name of each applicable Agent (the "Joining [Original First][[ ][i] [First/Second][ii]] Lien Agent")].[xvi]

The Joining [First][[ ][i] [First/Second][ii]] Lien Agent, for itself and on behalf of the Joining [First][[ ][i] [First/Second][ii]][xvii] Lien Secured Parties, hereby agrees with the Original First Lien Borrower and the other Grantors, the [Original First][[ ][i] [First/Second][ii]] Lien Agent and any other Additional Agent party to the Intercreditor Agreement as follows:

A. Agreement to be Bound. The [Joining [First][[ ][i] [First/Second][ii]] Lien Agent, for itself and on behalf of the Joining [First][[ ][i] [First/Second][ii] Lien Secured Parties,][xviii] hereby agrees to be bound by the terms and provisions of the Intercreditor Agreement and shall, as of the date hereof, be deemed to be a party to the Intercreditor Agreement as [the][a] [First] [[ ][i] [First/Second][ii]] Lien Agent. As of the date hereof, the Joining [Original First Lien Credit Agreement][[ ][i] [First/Second][ii] Lien Credit Agreement] shall be deemed [the][a] [Original First Lien Credit Agreement][[ ][i] [First/Second][ii] Lien Credit Agreement] under the Intercreditor Agreement, and the obligations thereunder are subject to the terms and provisions of the Intercreditor Agreement.

B. Notices. Notices and other communications provided for under the Intercreditor Agreement to be provided to the Joining [First][[ ][i] [First/Second][ii]] Lien Agent shall be sent to the address set forth on Annex 1 attached hereto (until notice of a change thereof is delivered as provided in Section 7.05 of the Intercreditor Agreement).

C. Miscellaneous. **THIS JOINDER SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH AND GOVERNED BY THE LAW OF THE STATE OF NEW YORK.**

IN WITNESS WHEREOF, the undersigned has caused this Joinder to be duly executed by its duly authorized officer or other representative, all as of the day and year first above written.

[ ]

By: _____

Name:

Title:

IV. TRUSTEE JOINDER

JOINDER, dated as of , 20 , among [ ], in its capacity as collateral agent (together with its successors and assigns in such capacity from time to time, and as further defined in the Intercreditor Agreement, the "Original First Lien Agent")[xiii] for the Original First Lien Secured Parties, [ ], in its capacity as trustee (together with its successors and assigns in such capacity from time to time, and as further defined in the Intercreditor Agreement, the "[ ][i] [First/Second][ii] Lien Agent")[xiv] for the [ ][i] [First/Second][ii] Lien Secured Parties, [list any previously added Additional Agent] [and insert name of additional Original First Lien Secured Parties, Original First Lien Agent, [ ][i] [First/Second][ii] Lien Secured Parties or [ ][i] [First/Second][ii] Lien Agent, as applicable, being added hereby as party] and any successors or assigns thereof, to the Intercreditor Agreement dated as of [ ], 20[ ] (as amended, supplemented, waived or otherwise modified from time to time, the "Intercreditor Agreement") among the Original First Lien Agent[xv], [and] the [ ][i] [First/Second][ii] Lien Agent[xvi] [and (list any previously added Additional Agent)]. Capitalized terms used herein and not otherwise defined herein shall have the meaning specified in the Intercreditor Agreement.

The Joining [First][[ ][i] [First/Second][ii]] Lien Agent, for itself and on behalf of the [ ][i] [First/Second][ii] Lien Secured Parties, hereby agrees with the Original First Lien Borrower and the other Grantors, the [Original First][[ ][i] [First/Second][ii]] Lien Agent and any other Additional Agent party to the Intercreditor Agreement as follows:

A. Agreement to be Bound. The Joining [First][[ ][i] [First/Second][ii] Lien Agent, for itself and on behalf of the [ ][i] [First/Second][ii] Lien Secured Parties, hereby agrees to be bound by the terms and provisions of the Intercreditor Agreement and shall, as of the date hereof, be deemed to be a party to the Intercreditor Agreement as [the][a] [First][[ ][i] [First/Second][ii]] Lien Agent.

B. Notices. Notices and other communications provided for under the Intercreditor Agreement to be provided to the Joining [ ][i] [First/Second][ii] Lien Agent shall be sent to the address set forth on Annex 1 attached hereto (until notice of a change thereof is delivered as provided in Section 7.05 of the Intercreditor Agreement).

C. Miscellaneous. THIS JOINDER SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH AND GOVERNED BY THE LAW OF THE STATE OF NEW YORK.

IN WITNESS WHEREOF, the undersigned has caused this Joinder to be duly executed by its duly authorized officer or other representative, all as of the day and year first above written.

[ ]

By: _____

Name:

Title:

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i Insert month and year when this agreement is initially entered into (e.g., October 2014).

ii Insert "First," if this Agreement is initially entered into in connection with the incurrence of debt with pari passu Lien priority to the Original First Lien Credit Agreement or "Second," if this agreement is initially entered into in connection with the incurrence of debt with Junior Lien Priority to the Original First Lien Credit Agreement.

iii Describe the applicable Borrower.

iv Insert the section number of the negative covenant restricting Liens in the [ ][i] [First/Second][ii] Lien Credit Facility.

v Insert the section number of the definitions section in the [ ][i] [First/Second]ii Lien Credit Facility.

vi Include if this agreement is entered into in connection with Junior Priority Debt.

[vii] Include if this agreement is initially entered into in connection with the incurrence of Senior Priority Debt.

[viii] Insert (i) "Senior" if this agreement is initially entered into in connection with the incurrence of debt with pari passu Lien priority to the Original First Lien Credit Agreement or (ii) "Junior" if this agreement is initially entered into in connection with Junior Lien Priority to the Original First Lien Credit Agreement.

[ix] If this agreement is initially entered into in connection with the entry into a new revolving loan facility, add the defined term for such facility here.

[x] If this agreement is initially entered into in connection with the entry into a new revolving loan facility, add the defined terms for the parties to such agreement.

[xi] If this agreement is initially entered into in connection with the entry into a new revolving loan facility, add the defined term for the Obligations with respect to such facility.

[xii] Revise as appropriate to refer to any successor Original First Lien Agent.

[xiii] Revise as appropriate to refer to any successor [ ][i] [First/Second][ii]] Lien Agent.

[xiv] Revise as appropriate to describe predecessor Original First Lien Agent or Original First Lien Secured Parties, if joinder is for a new Original First Lien Credit Agreement.

[xv] Revise as appropriate to describe predecessor [ ][i] [First/Second][ii]] Lien Agent or [ ][i] [First/Second][ii]] Lien Secured Parties, if joinder is for a new [ ][i] [First/Second][ii]] Lien Credit Agreement.

[xvi] Revise as appropriate to refer to the new credit facility, Secured Parties and Agents.

[xvii] Revise as appropriate to refer to any Agent being added hereby and any Secured Parties represented thereby.

[xviii] Revise references throughout as appropriate to refer to the party or parties being added.

Subsidiaries

All voting securities are owned directly or indirectly by Parent, except where otherwise indicated.

Name of Subsidiary	State or Sovereign Power of Incorporation
American Airlines, Inc.	Delaware
Admirals Club, Inc.	Massachusetts
American Airlines de Mexico, S.A.	Mexico
American Airlines Marketing Services LLC	Virginia
American Airlines Vacations LLC	Delaware
American Aviation Supply LLC	Delaware
Americas Ground Services, Inc.	Delaware
Caribbean Dispatch Services, Ltd.	St. Lucia
Dominicana de Servicios Aeroportuarios (DSA), S.R.L	Dominican Republic
International Ground Services, S.A. de C.V.	Mexico
Envoy Aviation Group Inc.	Delaware
Envoy Air Inc.	Delaware
Eagle Aviation Services, Inc.	Delaware
Executive Airlines, Inc.	Delaware
Executive Ground Services, Inc.	Delaware
Avion Assurance Ltd.	Bermuda
PMA Investment Subsidiary, Inc.	Delaware
AWHQ LLC[1]	Delaware

[1] 99% is owned by Parent and 1% is owned by American Airlines, Inc.

Name of Subsidiary	State or Sovereign Power of Incorporation
Airways Assurance Limited	Bermuda
Piedmont Airlines, Inc.	Maryland
PSA Airlines, Inc.	Pennsylvania
Material Services, Inc.	Delaware
PMA Investment Subsidiary, Inc.	Delaware

Post-Closing Matters

With respect to each item below, the Borrower shall, to the extent required by Section 6.11, either (a) take commercially reasonable efforts to complete such item within 180 days following the Closing Date or (b) provide an officer's certificate certifying that such item is not required:

Part 1

1. Consent of CAE, Inc. with respect to the flight simulator software and visual software
2. Consent of The Boeing Company with respect to the flight simulator data
3. Consent of Airbus with respect to the flight simulator data
4. Consent of Embraer with respect to the flight simulator data

Part 2

With respect to the each of the properties located at the Philadelphia International Airport in Philadelphia, Delaware County, Pennsylvania and Sky Harbor International Airport in Phoenix, Maricopa County, Arizona:

(i) executed Mortgages to create in favor of the Collateral Agent a valid and, subject to any filing and/or recording referred to herein, perfected, first priority lien and security interest in such real property, and corresponding UCC fixture filings (if required);

(ii) fully paid, fully paid ALTA mortgagee title insurance policies or unconditional title insurance commitments for such title policies (including any customary endorsements thereto), in an amount reasonably acceptable to the Collateral Agent (not to exceed the fair market value of such property);

(iii) surveys with respect to such property, or survey updates, to the extent sufficient to obtain survey coverage under the title policy; provided that, if the Borrower shall deliver survey affidavits of "no change" with respect to such property (and all improvements thereon), that are sufficient for the title company to issue the title insurance policies in favor of the Collateral Agent providing all reasonably required survey coverage and survey endorsements, without having to obtain such up-to-date survey, then, no surveys or survey updates for such property will be required);

(iv) customary local counsel and corporate opinions;

(v) to the extent obtainable after using commercially reasonable efforts, landlord estoppels and/or consents with respect to any leased property; and

(vi) flood hazard determinations;

in each case in form and substance reasonably acceptable to the Administrative Agent and all in a manner consistent with the 2013 Loan Agreement.

Exhibit 10.33

SUPPLEMENTAL AGREEMENT NO. 6

to

Purchase Agreement No. 03735

between

THE BOEING COMPANY

and

AMERICAN AIRLINES, INC.

Relating to Boeing Model 737 MAX Aircraft

This SUPPLEMENTAL AGREEMENT No. 6 (***SA-6)***, entered into as of November 15, 2016 (***SA-6 Effective Date***), by and between THE BOEING COMPANY, a Delaware corporation with offices in Washington state (***Boeing***) and AMERICAN AIRLINES, INC. a Delaware corporation with offices in Fort Worth, Texas, together with its successors and permitted assigns (***Customer***);

WHEREAS, Boeing and Customer entered into Purchase Agreement No. 03735 dated February 1, 2013 relating to Boeing Model 737 MAX Aircraft, as amended and supplemented (***Purchase Agreement***) and capitalized terms used herein without definitions shall have the meanings specified therefore in such Purchase Agreement;

WHEREAS, Boeing and Customer have previously executed documents amending the Purchase Agreement to reflect Customer's [*CTR] (***Package 1***), [*CTR] (***Package 2***), [*CTR] (***Package 3***), [*CTR] (***Package 4***), [*CTR] (***Package 5***), [*CTR] (***Package 6***), and letter 6-1162-DAT-884, entitled [*CTR] ([*CTR] Package 1, Package 2, Package 3, Package 4, Package 5, Package 6, and letter 6-1162-DAT-884, mutually agreed to comprise ***Customer* [*CTR] *Changes***) for [*CTR] (***Customer* [*CTR] *Aircraft***). [*CTR] changes to any [*CTR] Aircraft will be undertaken in the ordinary course of business between Boeing and Customer. With respect to such Customer [*CTR] Changes, Customer and Boeing now agree to replace the existing Exhibit A with a revised Exhibit AR1 [*CTR] aircraft;

BOEING PROPRIETARY

[*CTR]=[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

WHEREAS, Customer and Boeing desire to amend Letter Agreement No. AAL-PA-03735-LA-1106648 entitled "Special Matters" in order to revise the [*CTR] in Article 1.4;

WHEREAS, Customer and Boeing desire to add Letter Agreement AAL-PA-03735-LA-16005402 entitled "[*CTR]"; and

NOW, THEREFORE, the parties agree that the Purchase Agreement is amended as set forth below and otherwise agree as follows:

1 Table of Contents.

The "Table Of Contents" to the Purchase Agreement referencing SA-5 in the footer is deleted in its entirety and is replaced with the new "Table Of Contents" (attached hereto) referencing SA-6 in the footer to reflect changes made to the Purchase Agreement by this SA-6. Such new Table of Contents is hereby incorporated into the Purchase Agreement in replacement of its predecessor.

2 Tables.

Table 1R2. Table 1R2 entitled "Base Weight 737-8 Aircraft Delivery, Description, Price and Advance Payments" referencing SA-4 in the footer is deleted in its entirety and replaced with the similarly titled Table 1R3 (attached hereto) referencing SA-6 in the footer and is hereby incorporated into the Purchase Agreement in replacement of Table 1R2.

3 Exhibit.

Exhibit A. Exhibit A entitled "Aircraft Configuration" is deleted in its entirety and replaced with the similarly titled Exhibit AR1 (attached hereto) referencing SA-6 in the footer and is hereby incorporated into the Purchase Agreement in replacement of Exhibit A (***Revised Exhibit A***).

4 Letter Agreement.

4.1 Letter Agreement No. AAL-PA-03735-LA-1106648 entitled "Special Matters" is deleted in its entirety and replaced with the similarly titled Letter Agreement No. AAL-PA-03735-LA-1106648R1 (attached hereto) referencing SA-6 in the footer (***Revised Special Matters Letter Agreement***) in order to revise the [*CTR] in Article 1.4. The Revised Special Matters Letter Agreement is hereby incorporated into the Purchase Agreement in replacement of its predecessor.

BOEING PROPRIETARY

[*CTR]=[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

4.2 Letter Agreement No. AAL-PA-03735-LA-1106655 entitled "Open Configuration Matters" is withdrawn in its entirety.

4.3 Letter Agreement No. AAL-PA-03735-LA-1605402 entitled "[*CTR]" is hereby incorporated into the Purchase Agreement (***New Letter Agreement***).

5 Reimbursement of Advance Payments.

Upon execution of this SA-6, Boeing shall [*CTR] Customer the [*CTR] of Exhibit A with Exhibit A(R1) and the [*CTR]**.** Such [*CTR] Customer to Boeing in accordance with the Purchase Agreement. The [*CTR].

6 Miscellaneous.

6.1 The Purchase Agreement is amended as set forth above, by the revised Table of Contents, Table 1R3, the Revised Exhibit A, the Revised Special Matters Letter Agreement, and the New Letter Agreement. All other terms and conditions of the Purchase Agreement remain unchanged and are in full force and effect.

6.2 References in the Purchase Agreement and any supplemental agreements and associated letter agreements to Table 1 or Table 1R2 are deemed to refer to Table 1R3.

BOEING PROPRIETARY

[*CTR]=[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

AGREED AND ACCEPTED this

November 15, 2016
Date

THE BOEING COMPANY	AMERICAN AIRLINES, INC.
/s/ The Boeing Company	/s/ American Airlines, Inc.
Signature	Signature
The Boeing Company	American Airlines, Inc.
Printed name	Printed name
Attorney-in-Fact	Vice President and Treasurer
Title	Title

BOEING PROPRIETARY

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[*CTR]=[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

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*** - This is an intended gap as there are no Letter Agreements LA-1106674 through LA-1106676 incorporated by the Purchase Agreement.**

[*CTR]=[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

Table 1R3 To
Purchase Agreement No. PA-03735
[*CTR] 737-8
Aircraft Delivery, Description, Price and Advance Payments

Airframe Model/MTOW:	737-8	[*CTR] pounds	**Detail Specification:**	[*CTR]	
Engine Model/Thrust:	CFMLEAP-1B25	[*CTR] pounds	**Airframe Price Base Year/Escalation Formula:**	[*CTR]	[*CTR]
Airframe Price:		$ [*CTR]	**Engine Price Base Year/Escalation Formula:**	[*CTR]	[*CTR]
Optional Features:		$ [*CTR]			
Sub-Total of Airframe and Features:		$ [*CTR]	**Airframe Escalation Data:**		
Engine Price (Per Aircraft):		$ [*CTR]	**Base Year Index (ECI):**	[*CTR]	
Aircraft Basic Price (Excluding BFE/SPE):		$ [*CTR]	**Base Year Index (CPI):**	**[*CTR]**	
Buyer Furnished Equipment (BFE) Estimate:		$ [*CTR]			
Seller Purchased Equipment (SPE)/In-Flight Ente		$ [*CTR]			
Deposit per Aircraft:		$ [*CTR]			

						Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery):			
Delivery Date	**Number of Aircraft**	**Escalation Factor (Airframe)**	**Manufacturer Serial Number**	**Nominal Delivery Month?**	**Escalation Estimate Adv Payment Base Price Per A/P**	**At Signing [*CTR]**	**[*CTR]**	**[*CTR]**	**Total [*CTR]**
[*CTR]-2017	1	[*CTR]	44459	NA	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2017	1	[*CTR]	44463	NA	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2017	1	[*CTR]	44465	NA	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2017	1	[*CTR]	44446	NA	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2018	1	[*CTR]	44447	NA	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2018	1	[*CTR]	44451	NA	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2018	1	[*CTR]	44448	NA	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2018	1	[*CTR]	44449	NA	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2018	1	[*CTR]	44455	NA	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2018	1	[*CTR]	44450	NA	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2018	1	[*CTR]	44452	NA	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2018	1	[*CTR]	44453	NA	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2018	1	[*CTR]	44454	NA	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2018	1	[*CTR]	44456	NA	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]

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Table 1R3 To
Purchase Agreement No. PA-03735
[*CTR] 737-8
Aircraft Delivery, Description, Price and Advance Payments

Delivery Date	Number of Aircraft	Escalation Factor (Airframe)	Manufacturer Serial Number	Nominal Delivery Month?	Escalation Estimate Adv Payment Base Price Per A/P	Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery): At Signing [*CTR]	[*CTR]	[*CTR]	Total [*CTR]
[*CTR]-2018	1	[*CTR]	44457	NA	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2018	1	[*CTR]	44458	NA	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2018	1	[*CTR]	44460	NA	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2018	1	[*CTR]	44461	NA	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2018	1	[*CTR]	44462	NA	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2018	1	[*CTR]	44464	NA	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2018		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2019	2	[*CTR]	44466 & 44467	Yes	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2019		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2019		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2019	2	[*CTR]	44468 & 44469	Yes	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2019		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2019		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2019	2	[*CTR]	44470 & 44471	Yes	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2019		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2019		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2019	2	[*CTR]	44472 & 44473	Yes	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2019		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2019		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2019	1	[*CTR]	44474	Yes	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2019		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2019		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2019	2	[*CTR]	44475 & 44476	Yes	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2019		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]

[*CTR]=[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

Table 1R3 To
Purchase Agreement No. PA-03735
[*CTR] 737-8
Aircraft Delivery, Description, Price and Advance Payments

Delivery Date	Number of Aircraft	Escalation Factor (Airframe)	Manufacturer Serial Number	Nominal Delivery Month?	Escalation Estimate Adv Payment Base Price Per A/P	Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery): At Signing [*CTR]	[*CTR]	[*CTR]	Total [*CTR]
[*CTR]-2019		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2019	1	[*CTR]	44477	Yes	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2019		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2019		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2019	2	[*CTR]	44478 & 44479	Yes	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2019		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2019		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2019	2	[*CTR]	44480 & 44481	Yes	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2019		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2019		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2019	1	[*CTR]	44482	Yes	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2019		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2019		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2019	2	[*CTR]	44483 & 44484	Yes	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2019		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2019		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2019	1	[*CTR]	44485	Yes	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2020		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2019		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2020	2	[*CTR]	44486 & 44487	Yes	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2020		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2020		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2020	1	[*CTR]	44488	Yes	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2020		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]

[*CTR]=[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

Table 1R3 To
Purchase Agreement No. PA-03735
[*CTR] 737-8
Aircraft Delivery, Description, Price and Advance Payments

Delivery Date	Number of Aircraft	Escalation Factor (Airframe)	Manufacturer Serial Number	Nominal Delivery Month?	Escalation Estimate Adv Payment Base Price Per A/P	Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery): At Signing [*CTR]	[*CTR]	[*CTR]	Total [*CTR]
[*CTR]-2020		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2020	2	[*CTR]	44489 & 44490	Yes	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2020		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2020		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2020	1	[*CTR]	44491	Yes	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR] -2020		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2020		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2020	2	[*CTR]	44492 & 44493	Yes	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2020		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2020		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2020	2	[*CTR]	44494 & 44495	Yes	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2020		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2020		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2020	2	[*CTR]	44496 & 44497	Yes	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2020		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2020		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2020	2	[*CTR]	44498 & 44499	Yes	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2020		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2020		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2020	2	[*CTR]	44500 & 44501	Yes	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2020		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2020		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2020	2	[*CTR]	44502 & 44503	Yes	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2020		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]

[*CTR]=[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

Table 1R3 To
Purchase Agreement No. PA-03735
[*CTR] 737-8
Aircraft Delivery, Description, Price and Advance Payments

Delivery Date	Number of Aircraft	Escalation Factor (Airframe)	Manufacturer Serial Number	Nominal Delivery Month?	Escalation Estimate Adv Payment Base Price Per A/P	Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery): At Signing [*CTR]	[*CTR]	[*CTR]	Total [*CTR]
[*CTR]-2020		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2020	1	[*CTR]	44504	Yes	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2020		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2020		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2020	1	[*CTR]	44505	Yes	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2021		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2020		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2021	2	[*CTR]	44506 & 44507	Yes	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2021		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2021		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2021	1	[*CTR]	44508	Yes	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2021		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2021		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2021	2	[*CTR]	44509 & 44510	Yes	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2021		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2021		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2021	1	[*CTR]	44511	Yes	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2021		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2021		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2021	2	[*CTR]	44512 & 44513	Yes	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2021		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]

[*CTR]=[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

Table 1R3 To
Purchase Agreement No. PA-03735
[*CTR] 737-8
Aircraft Delivery, Description, Price and Advance Payments

Delivery Date	Number of Aircraft	Escalation Factor (Airframe)	Manufacturer Serial Number	Nominal Delivery Month?	Escalation Estimate Adv Payment Base Price Per A/P	Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery): At Signing [*CTR]	[*CTR]	[*CTR]	Total [*CTR]
[*CTR]-2021		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2021	2	[*CTR]	44514 & 44515	Yes	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2021		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2021		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2021	2	[*CTR]	44516 & 44517	Yes	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2021		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2021		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2021	2	[*CTR]	44518 & 44519	Yes	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2021		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2021		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2021	1	[*CTR]	44520	Yes	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2021		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2021		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2021	2	[*CTR]	44521 & 44522	Yes	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2021		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2021		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2021	1	[*CTR]	44523	Yes	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2021		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2021		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2021	2	[*CTR]	44524 & 44525	Yes	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2022		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2021		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2022	2	[*CTR]	44526 & 44527	Yes	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2022		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]

[*CTR]=[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

Table 1R3 To
Purchase Agreement No. PA-03735
[*CTR] 737-8
Aircraft Delivery, Description, Price and Advance Payments

Delivery Date	Number of Aircraft	Escalation Factor (Airframe)	Manufacturer Serial Number	Nominal Delivery Month?	Escalation Estimate Adv Payment Base Price Per A/P	Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery): At Signing [*CTR]	[*CTR]	[*CTR]	Total [*CTR]
[*CTR]-2022		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2022	1	[*CTR]	44528	Yes	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2022		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2022		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2022	2	[*CTR]	44529 & 44530	Yes	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2022		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2022		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2022	1	[*CTR]	44531	Yes	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2022		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2022		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2022	2	[*CTR]	44532 & 44533	Yes	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2022		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2022		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2022	2	[*CTR]	44534 & 44535	Yes	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2022		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2022		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2022	2	[*CTR]	44536 & 44537	Yes	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2022		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2022		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2022	2	[*CTR]	44538 & 44539	Yes	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2022		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2022		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2022	1	[*CTR]	44540	Yes	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2022		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]

[*CTR]=[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

Table 1R3 To
Purchase Agreement No. PA-03735
[*CTR] 737-8
Aircraft Delivery, Description, Price and Advance Payments

Delivery Date	Number of Aircraft	Escalation Factor (Airframe)	Manufacturer Serial Number	Nominal Delivery Month?	Escalation Estimate Adv Payment Base Price Per A/P	Advance Payment Per Aircraft (Amts. Due/Mos. Prior to Delivery): At Signing [*CTR]	[*CTR]	[*CTR]	Total [*CTR]
[*CTR]-2022		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2022	2	[*CTR]	44541 & 44542	Yes	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2022		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2022		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2022	1	[*CTR]	44543	Yes	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2022		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2022		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2022	2	[*CTR]	44544 & 44545	Yes	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
[*CTR]-2023		[*CTR]		No	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]	$ [*CTR]
Total:	100								

[*CTR]=[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

AIRCRAFT CONFIGURATION

between

THE BOEING COMPANY

and

American Airlines, Inc.

Exhibit AR1 to Purchase Agreement Number 03735

BOEING PROPRIETARY

Exhibit AR1

AIRCRAFT CONFIGURATION

Dated as of the SA-6 Effective Date

relating to

BOEING MODEL 737-8 MAX AIRCRAFT

The Detail Specification is Boeing document number [*CTR], as may subsequently be amended. The Detail Specification provides [*CTR] set forth in this Exhibit A. Such Detail Specification will be comprised of Boeing configuration specification [*CTR]. [*CTR], Boeing will furnish to Customer copies of the Detail Specification, which will reflect [*CTR]. The [*CTR], except such [*CTR].

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[*CTR]=[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

Configuration Item Number		Title	[*CTR] 100 Aircraft [*CTR]
[*CTR]	[*CTR]		[*CTR]
[*CTR]	[*CTR]		[*CTR]
[*CTR]	[*CTR]		[*CTR]

Configuration Item Number		Title	[*CTR] 100 Aircraft [*CTR]
[*CTR]	[*CTR]		[*CTR]
[*CTR]	[*CTR]		[*CTR]
[*CTR]	[*CTR]		[*CTR]

Configuration Item Number		Title	[*CTR] 100 Aircraft [*CTR]
[*CTR]	[*CTR]		[*CTR]
[*CTR]	[*CTR]		[*CTR]
[*CTR]	[*CTR]		[*CTR]

Configuration Item Number		Title	[*CTR] 100 Aircraft [*CTR]
[*CTR]	[*CTR]		[*CTR]
[*CTR]	[*CTR]		[*CTR]
[*CTR]	[*CTR]		[*CTR]
[*CTR]	[*CTR]		[*CTR]
[*CTR]	[*CTR]		[*CTR]
[*CTR]	[*CTR]		[*CTR]
[*CTR]	[*CTR]		[*CTR]
[*CTR]	[*CTR]		[*CTR]
[*CTR]	[*CTR]		[*CTR]
[*CTR]	[*CTR]		[*CTR]
[*CTR]	[*CTR]		[*CTR]
[*CTR]	[*CTR]		[*CTR]
[*CTR]	[*CTR]		[*CTR]
[*CTR]	[*CTR]		[*CTR]
[*CTR]	[*CTR]		[*CTR]
[*CTR]	[*CTR]		[*CTR]
[*CTR]	[*CTR]		[*CTR]
[*CTR]	[*CTR]		[*CTR]
[*CTR]	[*CTR]		[*CTR]
[*CTR]	[*CTR]		[*CTR]
[*CTR]	[*CTR]		[*CTR]
[*CTR]	[*CTR]		[*CTR]
[*CTR]	[*CTR]		[*CTR]
[*CTR]	[*CTR]		[*CTR]
[*CTR]	[*CTR]		[*CTR]
[*CTR]	[*CTR]		[*CTR]
[*CTR]	[*CTR]		[*CTR]
[*CTR]	[*CTR]		[*CTR]
[*CTR]	[*CTR]		[*CTR]
[*CTR]	[*CTR]		[*CTR]
[*CTR]	[*CTR]		[*CTR]
[*CTR]	[*CTR]		[*CTR]

[*CTR]=[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

Configuration Item Number	Title	[*CTR] 100 Aircraft [*CTR]
[*CTR]	[*CTR]	[*CTR]
[*CTR]	[*CTR]	[*CTR]
[*CTR]	[*CTR]	[*CTR]

The Boeing Company
P.O. Box 3707
Seattle, WA 98124-2207

AAL-PA-03735-LA-1106648**R1**

American Airlines, Inc.
P.O. Box 619616
Dallas-Fort Worth Airport, Texas 75261-9616

Subject: Special Matters
Reference: Purchase Agreement No. 03735 (***Purchase Agreement***) between The Boeing Company (***Boeing***) and American Airlines, Inc. (***Customer***) relating to Model 737-8 MAX aircraft

This letter agreement (***Letter Agreement***) amends and supplements the Purchase Agreement. All terms used but not defined in this Letter Agreement shall have the same meaning as in the Purchase Agreement.

1. [*CTR].

1.1 [*CTR].

1.2 [*CTR].

1.3 [*CTR].

1.4 [*CTR].

2. Other [*CTR] Terms.

2.1 [*CTR].

2.2 [*CTR].

3. [*CTR] Considerations for the Substitute Aircraft.

If Customer substitutes an Aircraft pursuant to Letter Agreement No. AAL-PA-03735-LA-1106652 entitled "Aircraft Model Substitution", then [*CTR] of each Substitute Aircraft Boeing agrees to provide Customer with the following [*CTR]:

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[*CTR]=[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

[*CTR]	[*CTR]	[*CTR]
3.1 [*CTR]	[*CTR]	[*CTR]
3.2 [*CTR]	[*CTR]	[*CTR]
3.3 [*CTR]	[*CTR]	[*CTR]

[*CTR]

4. FAA Manufacturer Changes.

[*CTR]

5. FAA Operator Changes.

[*CTR]

6. Assignment.

Notwithstanding any other provisions of the Purchase Agreement, the rights and obligations described in this Letter Agreement are provided to Customer in consideration of Customer's becoming the operator of the Aircraft and cannot be assigned in whole or, in part, without the prior written consent of Boeing.

7. Confidential Treatment.

The information contained herein represents confidential business information and has value precisely because it is not available generally or to other parties. This Letter Agreement shall be subject to the terms and conditions of Letter Agreement No. AAL-PA-03735-LA-1106670 entitled "Confidentiality".

[*CTR]=[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

Very truly yours,

THE BOEING COMPANY

By: /s/ The Boeing Company
Its: Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: November 15, 2016

AMERICAN AIRLINES, INC.

By: /s/ American Airlines, Inc.
Its: Vice President & Treasurer

The Boeing Company
P.O. Box 3707
Seattle, WA 98124-2207

AAL-PA-03735-LA-1605402

American Airlines, Inc.
P.O. Box 619616
Dallas-Fort Worth Airport, Texas 75261-9616

Subject: [*CTR]

Reference: PurchaseAgreement No. 03735 (**Purchase Agreement**) between The Boeing Company (**Boeing**) and American Airlines, Inc. (**Customer**) relating to Model 737-8 MAX aircraft (**Aircraft**)

This letter agreement (**Letter Agreement**) is entered into on the date below and amends and supplements the Purchase Agreement referenced above. All capitalized terms used in but not otherwise defined in this Letter Agreement shall have the same meaning as in the Purchase Agreement.

Customer has [*CTR] that Boeing [*CTR] in the Aircraft certain [*CTR] which is more fully described in the options listed in Attachment A to this Letter Agreement (collectively referred to as [*CTR]) in accordance with the terms and conditions of this Letter Agreement. [*CTR] that is identified in the Detail Specification for the Aircraft is [*CTR] that Boeing is [*CTR] in accordance with Section 2 below, but is otherwise [*CTR] for purposes of the Purchase Agreement.

The [*CTR] during the [*CTR] and manufacture of the Aircraft to achieve [*CTR] at the time of delivery of the Aircraft. To achieve this, Boeing and Customer will [*CTR] in a manner consistent with (i) the terms and conditions [*CTR]; and (ii) [*CTR].

1. Customer Responsibilities.

1.1 [*CTR]. Customer has selected [*CTR].

1.2 [*CTR]. Customer will provide [*CTR].

1.3 [*CTR]. Customer will [*CTR]. Such [*CTR]:

1.3.1 specify [*CTR];

1.3.2 specify that [*CTR];

1.3.3 specify the [*CTR];

1.3.4 require [*CTR]; and

1.3.5 require [*CTR].

2. Boeing Responsibilities.

2.1 Boeing shall:

BOEING PROPRIETARY
[*CTR]=[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

2.1.1 perform the [*CTR] described in Attachment B to this Letter Agreement;

2.1.2 assist [*CTR];

2.1.3 approve the [*CTR];

2.1.4 place, [*CTR] and which shall also include a statement that [*CTR]; additionally the [*CTR];

2.1.5 notify Customer as soon as possible [*CTR];

2.1.6 manage all [*CTR];

2.1.7 coordinate [*CTR];

2.1.8 provide [*CTR];

2.1.9 ensure that the [*CTR];

2.1.10 [*CTR] in the Aircraft, in accordance with the terms and conditions of the Purchase Agreement (including, without limitation, the [*CTR]) the [*CTR] identified in Section 3.1 of this Letter Agreement;

2.1.11 ensure that at the time of Aircraft delivery, the [*CTR] referenced in Attachment A to this Letter Agreement;

2.1.12 if necessary, and upon request of Customer, use commercially [*CTR] to assist Customer in causing [*CTR] under the [*CTR] with the objective of delivery of the Aircraft on the delivery date (that is scheduled in accordance with Section 6.1 of the AGTA) with [*CTR] in the Aircraft and certified by the FAA; and

2.1.13 prior to delivery of the applicable Aircraft, obtain [*CTR] of the Aircraft with [*CTR], including the [*CTR] identified in Section 3.1 of this Letter Agreement.

3. [*CTR]. [*CTR] may contain [*CTR] of the following two (2) types:

3.1 [*CTR]. The [*CTR] required to [*CTR] on the Aircraft is the [*CTR] and is part of the CSE.

3.2 Customer's [*CTR]. The [*CTR] to the Aircraft [*CTR] and is not part of the CSE.

3.2.1 As between Customer and Boeing, Customer is solely responsible for specifying the [*CTR] and ensuring that Customer's [*CTR] meets such [*CTR]. Customer and the [*CTR] Customer's [*CTR] will have total responsibility for the [*CTR] of any of Customer's [*CTR].

3.2.2 The [*CTR] of any Customer's [*CTR] or the lack of any [*CTR] will not be a valid condition for Customer's [*CTR].

[*CTR]=[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

3.2.3 Boeing has no [*CTR] to support Customer's [*CTR]. Boeing will only [*CTR] if in Boeing's reasonable opinion such [*CTR] is necessary to [*CTR] on the Aircraft.

3.2.4 Boeing shall not be responsible for obtaining FAA certification for Customer's [*CTR].

4. Changes.

4.1 Customer and [*CTR] may change the [*CTR] of Boeing. Customer may [*CTR] at any time, and Boeing shall [*CTR] in a timely manner. Any [*CTR] that Boeing gives to a [*CTR] shall be subject to [*CTR] through Boeing's [*CTR] of the Purchase Agreement.

4.2 Boeing and Customer recognize that the [*CTR] nature of the [*CTR] in order to ensure (i) [*CTR] with the Aircraft and all [*CTR], and (ii) [*CTR] of the Aircraft with the [*CTR]. In such event, Boeing will notify Customer and [*CTR]. If, within [*CTR] as may be mutually agreed in writing) after such notification, (i) Customer and Boeing [*CTR] or an alternate course of action and (ii) so long as Boeing has [*CTR] with Customer to [*CTR], then any [*CTR] in delivery of the Aircraft will be [*CTR] and Article 7 of the AGTA will apply. The [*CTR] of any mutually agreed [*CTR] may result in Boeing adjusting the [*CTR] contained in Attachment A to this Letter Agreement.

4.3 Boeing's [*CTR] of the Aircraft as it relates to [*CTR] as described in the options listed in Attachment A to this Letter Agreement, as such Attachment A may be amended from time to time.

5. [*CTR].

5.1 Boeing and Customer agree to follow the sequential steps identified in this Section 5 to [*CTR]:

5.1.1 Boeing shall [*CTR] with Boeing.

5.1.2 Within [*CTR] or other course of action.

5.2 If Boeing and Customer are [*CTR] to agree on an alternate [*CTR] or course of action within such time, the [*CTR] to Boeing in Section 8 of this Letter Agreement shall apply.

6. Proprietary Rights.

Boeing's [*CTR] for the [*CTR] will not impose upon Boeing any [*CTR] Customer may have in the [*CTR].

7. Exhibits B and C to the AGTA.

[*CTR] is deemed to be BFE for the purposes of Exhibit B to the AGTA, entitled "Customer Support Document", and Exhibit C to the AGTA, entitled "Product Assurance Document".

[*CTR]=[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

8. Boeing [*CTR].

8.1 If Customer [*CTR] as provided in this Letter Agreement or if [*CTR] (for any reason [*CTR] under the purchase order terms) to [*CTR] in accordance with the [*CTR], then, in addition to [*CTR], Boeing will

8.1.1 [*CTR] and

8.1.1.1 if the [*CTR] to Section 5.1 of the Exhibit A to the AGTA entitled "Buyer Furnished Equipment Provisions Document" (**AGTA Exhibit A BFE Provisions Document**), then the provisions of Article 7, "Excusable Delay", [*CTR];

8.1.1.2 if the [*CTR] pursuant to Section 5.2 of the AGTA Exhibit A BFE Provisions Document, then Boeing will [*CTR];

8.1.2 [*CTR]; and/or

8.1.3 [*CTR] by the amount of Boeing's [*CTR], including but not limited to, (i) [*CTR] by Boeing, (ii) any [*CTR] as established by Boeing and agreed to by the [*CTR] and (iii) [*CTR]; and [*CTR] from any applicable [*CTR].

8.2 Boeing will use [*CTR] described in Section 8.1.3. Notwithstanding the last clause of 8.1.3, Boeing has no [*CTR].

8.3 If Boeing [*CTR] set forth herein, then any [*CTR] of the Aircraft, to the [*CTR], will be the [*CTR] of Boeing.

9. [*CTR].

[*CTR] will at all times [*CTR] with Customer [*CTR] and Boeing will have [*CTR] have, but will not be [*CTR].

10. Confidential Treatment.

Customer understands and agrees that the information contained herein represents confidential business information and has value precisely because it is not available generally or to other parties. This Letter Agreement shall be subject to the terms and conditions of Letter Agreement No. AAL-PA-03735-LA-1106670 entitled "Confidentiality".

Intentionally Left Blank

[*CTR]=[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

If the foregoing correctly sets forth your understanding of our agreement with respect to the matters treated above, please indicate your acceptance and approval below.

Very truly yours,

THE BOEING COMPANY

By /s/ The Boeing Company
Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: November 15, 2016

AMERICAN AIRLINES, INC.

By /s/ American Airlines, Inc.
Its Vice President & Treasurer

BOEING PROPRIETARY
[*CTR]=[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

Attachment A
[*CTR]

The following [*CTR] describe(s) the items of equipment that under the terms and conditions of this Letter Agreement are considered to be [*CTR]. Each such [*CTR] is fully described in the [*CTR] as described in Exhibit A to the Purchase Agreement. Final configuration will be based on Customer acceptance of any or all [*CTR] listed below.

[*CTR] Number and Title

[*CTR]
[*CTR]

[*CTR]
[*CTR]

[*CTR]=[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

Attachment B
[*CTR]

This Attachment B describes the functions that Boeing will perform as [*CTR] to support (i) the [*CTR] and (ii) the [*CTR] on the Aircraft.

1. [*CTR].

Boeing will perform the following functions [*CTR]. Boeing will have [*CTR] which, in Boeing's reasonable opinion, [*CTR]. Boeing will be [*CTR] for:

(i) [*CTR];

(ii) [*CTR];

(iii) [*CTR];

(iv) [*CTR];

(v) [*CTR];

(vi) [*CTR];

(vii) [*CTR]; and

(viii) [*CTR].

2. [*CTR].

Boeing's [*CTR] will include the functions of [*CTR]. As [*CTR], Boeing will perform the following functions:

(i) as required, [*CTR];

(ii) [*CTR] Boeing, Customer and [*CTR]; and

(iii) [*CTR].

[*CTR]=[CONFIDENTIAL PORTION OMITTED AND FILED SEPARATELY WITH THE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

Exhibit 10.81

EXECUTION VERSION

FIRST AMENDMENT TO CREDIT AND GUARANTY AGREEMENT

FIRST AMENDMENT TO CREDIT AND GUARANTY AGREEMENT (this "First Amendment"), dated as of October 31, 2016 among American Airlines, Inc., a Delaware corporation (the "Borrower"), American Airlines Group Inc., a Delaware corporation (the "Parent" or the "Guarantor"), the lenders party hereto with a Replacement Class B Term Loan Commitment referred to below (the "Replacement Term Lenders"), each other lender party hereto and Barclays Bank PLC ("Barclays"), as administrative agent (in such capacity, the "Administrative Agent") and as the designated lender of Replacement Class B Term Loans referred to below (in such capacity, the "Designated Replacement Term Lender"). Unless otherwise indicated, all capitalized terms used herein and not otherwise defined shall have the respective meanings provided such terms in the Credit Agreement referred to below.

W I T N E S S E T H:

WHEREAS, the Borrower, the Guarantor, the lenders from time to time party thereto, the Administrative Agent and certain other parties thereto are parties to that certain Credit and Guaranty Agreement, dated as of April 29, 2016 (as amended and restated, supplemented or otherwise modified to but not including the First Amendment Effective Date as defined below, the "Credit Agreement");

WHEREAS, on the date hereof, there are outstanding Class B Term Loans under the Credit Agreement (the "Existing Term Loans") in an aggregate principal amount of $1,000,000,000;

WHEREAS, pursuant to Section 10.08(e) of the Credit Agreement, the Borrower desires to refinance in full the Existing Term Loans with the proceeds of the Replacement Class B Term Loans (as defined below) (the "Refinancing"); and

WHEREAS, the Borrower, the Administrative Agent, the Replacement Term Lenders and the other Lenders party hereto wish to amend the Credit Agreement to provide for (i) the Refinancing and (ii) certain other modifications to the Credit Agreement, in each case, on the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

SECTION ONE - Credit Agreement Amendments. Effective as of the First Amendment Effective Date (as defined below):

(a) The Credit Agreement is hereby amended as follows:

(i) Section 1.01 of the Credit Agreement is hereby amended by inserting the following definitions in appropriate alphabetical order:

"*First Amendment*" shall mean the First Amendment to Credit and Guaranty Agreement, dated as of October 31, 2016, by and among Parent, the

Borrower, the Administrative Agent, the Replacement Term Lenders and Barclays Bank PLC, in its capacity as the designated Lender of Replacement Class B Term Loans.

"*First Amendment Effective Date*" shall have the meaning provided in the First Amendment.

"*Replacement Class B Term Loans*" shall be the Term Loans incurred pursuant to the First Amendment.

"*Replacement Class B Term Loan Commitment*" shall mean the Term Loan Commitment of each Replacement Term Lender to make Replacement Class B Term Loans pursuant to the First Amendment.

"*Replacement Class B Term Loan Commitment Schedule*" shall mean the schedule of Replacement Class B Term Loan Commitments of each Replacement Term Lender provided to the Borrower on the First Amendment Effective Date by the Administrative Agent pursuant to the First Amendment.

"*Replacement Term Lender*" shall mean each Lender having a Term Loan Commitment to provide Replacement Class B Term Loans or, as the case may be, with an outstanding Replacement Class B Term Loan.

(ii) The definition of "*Applicable Margin*" appearing in Section 1.01 of the Credit Agreement is hereby amended and restated in its entirety as follows:

"*Applicable Margin*" shall mean the rate per annum determined pursuant to the following:

Class of Loans	Applicable Margin Eurodollar Loans	Applicable Margin ABR Loans
Replacement Class B Term Loans	2.50%	1.50%
Revolving Loans	N/A	N/A

(iii) The first sentence of the definition of "*Class*" is hereby amended by deleting "Class B Term Loans" where it first appears and replacing such term with "Replacement Class B Term Loans".

(iv) The definition of "*LIBO Rate*" is hereby amended by deleting "Class B Term Loans" and replacing it with "Replacement Class B Term Loans".

(v) The definition of "*Repricing Event*" is hereby amended by deleting "Class B Term Loans" each place it appears and replacing it with "Replacement Class B Term Loans".

(vi) The definition of "*Term Loan*" is hereby amended by deleting "Class B Term Loans" and replacing it with "Replacement Class B Term Loans".

(vii) The definition of "*Term Loan Commitment*" appearing in Section 1.01 of the Credit Agreement is hereby amended and restated in its entirety as follows:

> *"Term Loan Commitment"* shall mean the commitment of each Term Lender to make Term Loans hereunder and, in the case of the Replacement Class B Term Loans, in an aggregate principal amount not to exceed the amount set forth under the heading "Replacement Class B Term Loans" opposite its name in the Replacement Class B Term Loan Commitment Schedule or in the Assignment and Acceptance pursuant to which such Term Lender became a party hereto, as the same may be changed from time to time pursuant to the terms hereof. The aggregate amount of the Term Loan Commitments as of the First Amendment Effective Date was $1,000,000,000. The Term Loan Commitments as of the First Amendment Effective Date are for Replacement Class B Term Loans.

(viii) The definition of "*Term Loan Maturity Date*" is hereby amended by deleting "Class B Term Loans" and replacing it with "Replacement Class B Term Loans".

(ix) Section 2.01(b) is hereby amended and restated by adding the following at the end of such Section:

> On the First Amendment Effective Date, each Replacement Term Lender agrees to make to the Borrower the Replacement Class B Term Loans denominated in Dollars in an aggregate principal amount equal to such Replacement Term Lender's Replacement Class B Term Loan Commitment in accordance with the terms and conditions of the First Amendment, which Replacement Class B Term Loans shall constitute Term Loans for all purposes of this Agreement.

(x) Section 2.10(b) is hereby amended and restated in its entirety as follows:

> (b) The principal amounts of the Replacement Class B Term Loans shall be repaid in consecutive annual installments (each, an "*Installment*") of 1.00% of the sum of (i) the original aggregate principal amount of the Class B Term Loans made on the Closing Date *plus* (ii) the original aggregate principal amount of any Incremental Term Loans of the same Class as the Replacement Class B Term Loans from time to time after the First Amendment Effective Date, on each anniversary of the Closing Date occurring prior to the Term Loan Maturity Date with respect to such Replacement Class B Term Loans commencing on April 28,

2017. Notwithstanding the foregoing, (1) such Installments shall be reduced in connection with any mandatory or voluntary prepayments of the Replacement Class B Term Loans in accordance with Sections 2.12 and 2.13, as applicable and (2) the Term Loans, together with all other amounts owed hereunder with respect thereto, shall, in any event, be paid in full no later than the applicable Term Loan Termination Date.

(xi) Section 2.13(a) is hereby amended by adding the following sentence at the end thereof:

Notwithstanding anything to the contrary above, no notice to the Administrative Agent shall be required in connection with the repayment of the Existing Term Loans (as defined in the First Amendment) with the proceeds of Replacement Class B Term Loans incurred on the First Amendment Effective Date.

(xii) Section 2.13(d) is hereby amended by (A) deleting "Class B Term Loans" each place it appears and replacing it with "Replacement Class B Term Loans" and (B) deleting "Closing Date" and replacing it with "First Amendment Effective Date".

(xiii) Section 2.27(c) is hereby amended by deleting "Class B Term Loans" each place it appears and replacing it with "Replacement Class B Term Loans".

(b) (i) Subject to the satisfaction (or waiver) of the conditions set forth in Section Three hereof, the Replacement Term Lenders hereby agree to make Replacement Class B Term Loans (as defined below) to the Borrower on the First Amendment Effective Date (as defined below) in the aggregate principal amount of $1,000,000,000, which shall be used solely to refinance in full all outstanding Existing Term Loans.

(ii) As of the First Amendment Effective Date, immediately prior to the effectiveness of the First Amendment, the Administrative Agent has prepared and provided a true and correct copy to the Borrower of a schedule (the "Replacement Class B Term Loan Commitments Schedule") which sets forth the allocated commitments received by it (the "Replacement Class B Term Loan Commitments") from the Lenders providing the Replacement Class B Term Loans. The Administrative Agent has notified each Replacement Term Lender of its allocated Replacement Class B Term Loan Commitment, and each of the Replacement Term Lenders is listed as a signatory to this First Amendment. On the First Amendment Effective Date, all Existing Term Loans shall be refinanced in full as follows:

(w) the outstanding aggregate principal amount of Existing Term Loans of each Lender which does not have a Replacement Class B Term Loan Commitment (each, a "Non-Converting Term Lender") shall be repaid in full in cash;

(x) to the extent any Lender has a Replacement Class B Term Loan Commitment that is less than the full outstanding aggregate principal amount of Existing Term Loans of such Lender, such Lender shall be repaid in cash in an amount equal to the difference between the outstanding aggregate principal amount of Existing Term Loans of such Lender and such Lender's Replacement Class B Term Loan Commitment (the "Non-Converting Term Portion");

(y) the outstanding aggregate principal amount of Existing Term Loans of each Lender which has a Replacement Class B Term Loan Commitment (each, a "Converting Term Lender," and, together with the Non-Converting Term Lenders, the "Existing Term Lenders") shall automatically be converted into Replacement Class B Term Loans (a "Converted Replacement Class B Term Loan") in a principal amount equal to such Converting Term Lender's Existing Term Loans outstanding on the First Amendment Effective Date immediately prior to such conversion, less an amount equal to any Non-Converting Term Portion; and

(z) (1) each Replacement Term Lender that is not an Existing Term Lender (each, a "New Term Lender") and (2) each Converting Term Lender with a Replacement Class B Term Loan Commitment in an amount in excess of the aggregate principal amount of Existing Term Loans of such Converting Term Lender (such difference, the "New Term Commitment"), agrees to make to the Borrower a new Term Loan (each, a "New Term Loan" and, collectively, the "New Term Loans" and, together with the Converted Replacement Class B Term Loans, the "Replacement Class B Term Loans") in a principal amount equal to such Converting Term Lender's New Term Commitment or such New Term Lender's Replacement Class B Term Loan Commitment, as the case may be, on the First Amendment Effective Date, which Replacement Class B Term Loans shall be subject to the terms of the Credit Agreement after giving effect to this First Amendment.

(iii) On the First Amendment Effective Date, each Replacement Term Lender hereby agrees to fund its Replacement Class B Term Loans in an aggregate principal amount equal to such Replacement Term Lender's Replacement Class B Term Loan Commitment as follows: (x) each Converting Term Lender shall fund its Replacement Class B Term Loans to the Borrower by converting its then outstanding principal amount of Existing Term Loans into Replacement Class B Term Loans in an equal principal amount as provided in clause (ii)(y) above, (y) (1) each Converting Term Lender with a New Term Commitment shall fund in cash an amount equal to its New Term Commitment to the Designated Replacement Term Lender and (2) each New Term Lender shall fund in cash an amount equal to its Replacement Class B Term Loan Commitment to the Designated Replacement Term Lender, and (z) the Designated Replacement Term Lender shall fund in cash to the Borrower an amount equal to the New Term Commitment of each Converting Term Lender and the Replacement Class B Term Loan Commitment of each New Term Lender.

(iv) All outstanding Borrowings of Existing Term Loans shall continue in effect for the equivalent principal amount of Replacement Class B Term Loans after the First Amendment Effective Date and each resulting "borrowing" of Replacement Class B Term Loans shall be deemed to constitute a new deemed "borrowing" under the Credit Agreement and be subject to the same Interest Period (and the same LIBO Rate) applicable to the Existing Term Loans to which it relates immediately prior to the First Amendment Effective Date, which

Interest Period shall continue in effect (until such Interest Periods expire, at which time subsequent Interest Periods shall be determined in accordance with the provisions of Section 2.05 of the Credit Agreement). New Term Loans shall be initially incurred as Eurodollar Loans and shall be allocated ratably to the outstanding deemed "borrowings" of Replacement Class B Term Loans on the First Amendment Effective Date. Each such Borrowing of New Term Loans shall be subject to (x) an Interest Period which commences on the First Amendment Effective Date and ends on the last day of the Interest Period applicable to the Existing Term Loans and (y) the same LIBO Rate applicable to the Replacement Class B Term Loans. The Replacement Class B Term Loans of each Replacement Term Lender shall be allocated ratably to such Interest Periods (based upon the relative principal amounts of Borrowings of Existing Term Loans subject to such Interest Periods immediately prior to the First Amendment Effective Date), with the effect being that Existing Term Loans which are converted into Converted Replacement Class Term Loans hereunder shall continue to be subject to the same Interest Periods and any Replacement Class B Term Loans that are funded in cash on the First Amendment Effective Date shall be ratably allocated to the various Interest Periods as described above.

(v) On the First Amendment Effective Date, the Borrower shall pay in cash (a) all interest accrued on the Existing Term Loans through the First Amendment Effective Date and (b) to each Non-Converting Term Lender and each Converting Term Lender with a Non-Converting Term Portion, any breakage loss or expenses due under Section 2.15 of the Credit Agreement (it being understood that existing Interest Periods of the Existing Term Loans held by Replacement Term Lenders prior to the First Amendment Effective Date shall continue on and after the First Amendment Effective Date and shall accrue interest in accordance with Section 2.07 of the Credit Agreement on and after the First Amendment Effective Date). Each Converting Term Lender hereby waives any entitlement to any breakage loss or expenses due under Section 2.15 of the Credit Agreement with respect to the repayment of that portion of its Existing Term Loans with the proceeds of Converted Replacement Class B Term Loans.

(vi) On the First Amendment Effective Date, all promissory notes, if any, evidencing the Existing Term Loans shall be automatically cancelled, and any Replacement Term Lender may request that its Replacement Class B Term Loan be evidenced by a promissory pursuant to Section 2.10(f) of the Credit Agreement.

SECTION TWO - Titles and Roles. The parties hereto agree that, as of the First Amendment Effective Date and in connection with the First Amendment:

(a) each of Barclays, Citi, CS Securities, DBSI, GSB, JPMS, ML, MS, BNP Securities, CA-CIB, ICBC and US Bank shall be designated as, and perform the roles associated with, a joint lead arranger and bookrunner (in such capacity, collectively, the "Lead Arrangers");

(b) each of Barclays, Citi, CS Securities, DBSI, GSB, JPMS, ML and MS shall be designated as, and perform the roles associated with, a syndication agent (in such capacity, collectively, the "Syndication Agents"); and

(c) each of BNP Securities, CA-CIB, ICBC and US Bank shall be designated as, and perform the roles associated with, a documentation agent (in such capacity, collectively, the "Documentation Agents").

For the avoidance of doubt, the provisions of Section 10.04 of the Credit Agreement shall apply to, and inure to the benefit of, each Lead Arranger, each Syndication Agent and each Documentation Agent in connection with their respective roles hereunder.

SECTION THREE - Conditions to Effectiveness. The provisions of Section One of this First Amendment shall become effective on the date (the "First Amendment Effective Date") when each of the following conditions specified below shall have been satisfied:

(a) The Borrower, the Guarantor, the Administrative Agent, the Designated Replacement Term Lender and the Replacement Term Lenders shall have signed a counterpart hereof (whether the same or different counterparts) and shall have delivered the same to Milbank, Tweed, Hadley & McCloy LLP, 28 Liberty Street, New York, NY 10005, attention: ###;

(b) all reasonable invoiced out-of-pocket expenses incurred by the Lenders and the Administrative Agent pursuant to Section 10.04 of the Credit Agreement or the Engagement Letter, dated as of October 31, 2016, by and between, *inter alios*, the Borrower and the Lead Arrangers (including the reasonable and documented fees, charges and disbursements of counsel) and all accrued and unpaid fees, owing and payable (including any fees agreed to in connection with this First Amendment) shall have been paid to the extent invoiced at least two (2) Business Days prior to the First Amendment Effective Date (or such shorter period as may be agreed by the Borrower);

(c) the Administrative Agent shall have received an Officer's Certificate certifying as to the Collateral Coverage Ratio in accordance with Section 4.02(d) of the Credit Agreement;

(d) the Administrative Agent shall have received a customary written opinion of Latham & Watkins LLP, special counsel for the Borrower and the Guarantor addressed to the Administrative Agent and the Replacement Term Lenders party hereto, and dated the First Amendment Effective Date;

(e) the Administrative Agent shall have received a certificate of the Secretary or Assistant Secretary (or similar Responsible Officer), dated the First Amendment Effective Date (i) certifying as to the incumbency and specimen signature of each Responsible Officer of the Borrower and the Guarantor executing this First Amendment or any other document delivered by it in connection herewith (such certificate to contain a certification of another Responsible Officer of that entity as to the incumbency and signature of the Responsible Officer signing the certificate referred to in this clause (e)), (ii) certifying that each constitutional document of each Loan Party previously delivered to the Administrative Agent has not been amended, supplemented, rescinded or otherwise modified and remains in full force and effect as of the date hereof, (iii) attaching resolutions of each Loan Party approving the transactions contemplated by the First Amendment and (iv) attaching a certificate of good standing for the Borrower and the Guarantor of the state of such entity's incorporation or formation, dated as of a recent date, as to the good standing of that entity (to the extent available in the applicable jurisdiction);

(f) the Administrative Agent shall have received an Officer's Certificate certifying (A) the truth in all material respects of the representations and warranties set forth in the Credit Agreement and the other Loan Documents (other than representations and warranties set forth in Sections 3.05(b), 3.06, 3.09(a) and 3.19 of the Credit Agreement) as though made on the date hereof, or, in the case of any such representation and warranty that relates to a specified date, as though made as of such date (provided, that any representation or warranty that is qualified by materiality (it being understood that any representation or warranty that excludes circumstances that would not result in a "Material Adverse Change" or "Material Adverse Effect" shall not be considered (for purposes of this proviso) to be qualified by materiality) shall be true and correct in all respects as of the applicable date, before and after giving effect to this First Amendment) and (B) as to the absence of any event occurring and continuing, or resulting from this First Amendment on, the First Amendment Effective Date, that constitutes a Default or Event of Default; and

(g) the Administrative Agent shall have received a Loan Request delivered in compliance with Section 2.03(b) of the Credit Agreement not later than 1:00 p.m. New York City time one (1) Business Day before the First Amendment Effective Date.

SECTION FOUR - No Default; Representations and Warranties. In order to induce the Replacement Term Lenders and the Administrative Agent to enter into this First Amendment, the Borrower represents and warrants to each of the Replacement Term Lenders and the Administrative Agent that, on and as of the date hereof after giving effect to this First Amendment, (i) no Default or Event of Default has occurred and is continuing or would result from giving effect to this First Amendment and (ii) the representations and warranties contained in the Credit Agreement and the other Loan Documents (other than representations and warranties set forth in Sections 3.05(b), 3.06, 3.09(a) and 3.19 of the Credit Agreement) are true and correct in all material respects on and as of the date hereof with the same effect as if made on and as of the date hereof or, in the case of any representations and warranties that expressly relate to an earlier date, as though made as of such date; provided, that any representation or warranty that is qualified by materiality (it being understood that any representation or warranty that excludes circumstances that would not result in a "Material Adverse Change" or "Material Adverse Effect" shall not be considered (for purposes of this proviso) to be qualified by materiality) shall be true and correct in all respects as of the applicable date, before and after giving effect to this First Amendment.

SECTION FIVE - Confirmation. The Borrower and the Guarantor hereby confirm that all of their obligations under the Credit Agreement (as amended hereby) are, and shall continue to be, in full force and effect. The parties hereto (i) confirm and agree that the term "Obligations" and "Guaranteed Obligations" as used in the Credit Agreement and the other Loan Documents shall include, without limitation, all obligations of the Borrower with respect to the Replacement Class B Term Loans (after giving effect to this First Amendment) and all obligations of the Guarantor with respect to the guarantee of such obligations, respectively, and (ii) reaffirm the grant of Liens on the Collateral to secure the Obligations (including the Obligations under the Replacement Class B Term Loans incurred pursuant to this First Amendment) pursuant to the Collateral Documents.

SECTION SIX - Reference to and Effect on the Credit Agreement. On and after the First Amendment Effective Date, each reference in the Credit Agreement to "this Agreement," "hereunder," "hereof" or words of like import referring to the Credit Agreement, shall mean and be a reference to the Credit Agreement as amended by this First Amendment. The Credit Agreement and each of the other Loan Documents, as specifically amended by this First Amendment, are and shall continue to be in full force and effect and are hereby in all respects ratified and confirmed. This First Amendment shall be deemed to be a "Loan Document" for all purposes of the Credit Agreement (as amended hereby) and the other Loan Documents. The execution, delivery and effectiveness of this First Amendment shall not, except as expressly provided herein, operate as an amendment or waiver of any right, power or remedy of any Lender or any Agent under any of the Loan Documents, nor constitute an amendment or waiver of any provision of any of the Loan Documents.

SECTION SEVEN - Execution in Counterparts. This First Amendment may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This First Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Delivery of an executed counterpart of a signature page of this First Amendment by facsimile or electronic .pdf copy shall be effective as delivery of a manually executed counterpart of this First Amendment.

SECTION EIGHT - Governing Law. THIS FIRST AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS FIRST AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

SECTION NINE - Miscellaneous. (a) The provisions set forth in Sections 10.03, 10.04, 10.05(b)-(d), 10.09, 10.10, 10.11, 10.13, 10.15, 10.16 and 10.17 of the Credit Agreement are hereby incorporated mutatis mutandis herein by reference thereto as fully and to the same extent as if set forth herein.

(b) For purposes of determining withholding Taxes imposed under FATCA, from and after the effective date of this First Amendment, the Borrower and the Administrative Agent shall treat (and the Lenders party hereto hereby authorize the Administrative Agent to treat) the Term Loan Facility as not qualifying as a "grandfathered obligation" within the meaning of Treasury Regulation Section 1.1471-2(b)(2)(i).

[REMAINDER OF THIS PAGE IS LEFT BLANK INTENTIONALLY]

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to be duly executed and delivered as of the day and year first above written.

AMERICAN AIRLINES, INC., as the Borrower

By: /s/ Thomas T. Weir
Name: Thomas T. Weir
Title: Vice President and Treasurer

AMERICAN AIRLINES GROUP INC., as Parent and Guarantor

By: /s/ Thomas T. Weir
Name: Thomas T. Weir
Title: Vice President and Treasurer

BARCLAYS BANK PLC,
as Administrative Agent

By: /s/ Thomas M. Blouin
Name: Thomas M. Blouin
Title: Managing Director

BARCLAYS BANK PLC,
as the Designated Replacement Term Lender and a
Replacement Term Lender

By: /s/ Thomas M. Blouin
Name: Thomas M. Blouin
Title: Managing Director

Exhibit 12.1

American Airlines Group Inc.
Computation of Ratio of Earnings to Combined Fixed Charges and Preferred Dividends
(In millions)

	Year Ended December 31,				
	2016	2015	2014	2013	2012
Income (loss) before income taxes	$4,299	$4,616	$3,212	$(2,180)	$(2,445)
Add: Total fixed charges (per below)	1,956	1,836	1,931	1,983	1,586
Less: Interest capitalized	45	52	61	47	50
Total earnings (loss) before income taxes	$6,210	$6,400	$5,082	$ (244)	$ (909)
Fixed charges:					
Interest [1]	$1,036	$ 932	$ 948	$ 902	$ 682
Portion of rental expense representative of the interest factor	920	904	983	1,081	904
Total fixed charges	$1,956	$1,836	$1,931	$ 1,983	$ 1,586
Ratio of earnings to fixed charges	3.2	3.5	2.6	—	—
Coverage deficiency	$ —	$ —	$ —	$ 2,227	$ 2,495

[1] The twelve months ended December 31, 2014 includes non-cash interest accretion related to Bankruptcy Settlement Obligations.

Exhibit 12.2

American Airlines, Inc.
Computation of Ratio of Earnings to Fixed Charges
(In millions)

	Year Ended December 31,				
	2016	2015	2014	2013	2012
Income (loss) before income taxes	$4,443	$4,668	$3,268	$(2,071)	$(2,495)
Add: Total fixed charges (per below)	1,857	1,745	1,891	1,810	1,588
Less: Interest capitalized	45	52	61	47	50
Total earnings (loss) before income taxes	$6,255	$6,361	$5,098	$ (308)	$ (957)
Fixed charges:					
Interest [1]	$ 951	$ 848	$ 908	$ 774	$ 695
Portion of rental expense representative of the interest factor	906	897	983	1,036	893
Total fixed charges	$1,857	$1,745	$1,891	$ 1,810	$ 1,588
Ratio of earnings to fixed charges	3.4	3.6	2.7	—	—
Coverage deficiency	$ —	$ —	$ —	$ 2,118	$ 2,545

[1] The twelve months ended December 31, 2014 includes non-cash interest accretion related to Bankruptcy Settlement Obligations.

Exhibit 21

American Airlines Group Inc.
Subsidiaries of the Registrant
As of December 31, 2016

Subsidiary companies of American Airlines Group Inc. are listed below. With respect to the companies named, all voting securities are owned directly or indirectly by the Registrant, except where otherwise indicated.

Name of Subsidiary	State or Sovereign Power of Incorporation
Subsidiaries included in the Registrant's consolidated financial statements	
AAG Private Placement-1 Parent LLC	Delaware
AAG Private Placement-1 LLC	Delaware
Airways Assurance Limited	Bermuda
American Airlines, Inc.	Delaware
Admirals Club, Inc.	Massachusetts
Aerosan Airport Services, S.A.*	Chile
Aerosan, S.A.*	Chile
American Airlines de Mexico, S.A.	Mexico
American Airlines Marketing Services LLC	Virginia
American Airlines Vacations LLC	Delaware
American Aviation Supply LLC	Delaware
AWHQ LLC*	Arizona
oMC Venture, LLC*	Delaware
Texas Aero Engine Services, L.L.C.*	Delaware
Americas Ground Services, Inc.	Delaware
Caribbean Dispatch Services, Ltd.	St. Lucia
Dominicana de Servicios Aeroportuarios (DSA) S.R.L.	Dominican Republic
International Ground Services, S.A. de C.V.	Mexico
Avion Assurance, Ltd.	Bermuda
AWHQ LLC (real estate holding company) (99%)	Arizona
Envoy Aviation Group Inc.	Delaware
Eagle Aviation Services, Inc.	Delaware
Envoy Air Inc. (operates under the trade name "American Eagle")	Delaware
Executive Airlines, Inc.	Delaware
Executive Ground Services, Inc.	Delaware
Material Services Company, Inc.	Delaware
Piedmont Airlines, Inc. (operates under the trade name "American Eagle")	Maryland
PMA Investment Subsidiary, Inc.	Delaware
PSA Airlines, Inc. (operates under the trade name "American Eagle")	Pennsylvania

* Entity with 50% or less ownership.

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

The Board of Directors
American Airlines Group Inc.:

We consent to the incorporation by reference in the registration statements (Nos. 333-192719 and 333-192660) on Form S-8 and No. 333-194685 on Form S-3 of American Airlines Group Inc. of our reports dated February 22, 2017, with respect to the consolidated balance sheets of American Airlines Group Inc. as of December 31, 2016 and 2015, and the related consolidated statements of operations, comprehensive income, cash flows, and stockholders' equity (deficit) for each of the years in the three-year period ended December 31, 2016, and the effectiveness of internal control over financial reporting as of December 31, 2016, which reports appear in the December 31, 2016 annual report on Form 10-K of American Airlines Group Inc.

/s/ KPMG LLP

Dallas, Texas
February 22, 2017

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

The Board of Directors
American Airlines, Inc.:

We consent to the incorporation by reference in the registration statement No. 333-194685 on Form S-3 of American Airlines, Inc. of our reports dated February 22, 2017, with respect to the consolidated balance sheets of American Airlines, Inc. as of December 31, 2016 and 2015, and the related consolidated statements of operations, comprehensive income, cash flows, and stockholder's equity (deficit) for each of the years in the three-year period ended December 31, 2016, and the effectiveness of internal control over financial reporting as of December 31, 2016, which reports appear in the December 31, 2016 annual report on Form 10-K of American Airlines, Inc.

/s/ KPMG LLP

Dallas, Texas
February 22, 2017

Exhibit 31.1

CEO CERTIFICATION

I, W. Douglas Parker, certify that:

1. I have reviewed this Annual Report on Form 10-K of American Airlines Group Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 22, 2017

/s/ W. Douglas Parker

Name: W. Douglas Parker
Title: Chief Executive Officer

Exhibit 31.2

CFO CERTIFICATION

I, Derek J. Kerr, certify that:

1. I have reviewed this Annual Report on Form 10-K of American Airlines Group Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 22, 2017

/s/ Derek J. Kerr

Name: Derek J. Kerr
Title: Executive Vice President and Chief Financial Officer

Exhibit 31.3

CEO CERTIFICATION

I, W. Douglas Parker, certify that:

1. I have reviewed this Annual Report on Form 10-K of American Airlines, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 22, 2017

/s/ W. Douglas Parker

Name: W. Douglas Parker
Title: Chief Executive Officer

Exhibit 31.4

CFO CERTIFICATION

I, Derek J. Kerr, certify that:

1. I have reviewed this Annual Report on Form 10-K of American Airlines, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 22, 2017

/s/ Derek J. Kerr

Name: Derek J. Kerr
Title: Executive Vice President and Chief Financial Officer

Exhibit 32.1

Certification of CEO and CFO Pursuant to
18 U.S.C. Section 1350,
as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report on Form 10-K of American Airlines Group Inc. (the "Company") for the year ended December 31, 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), W. Douglas Parker, as Chief Executive Officer of the Company, and Derek J. Kerr, as Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ W. Douglas Parker
Name: W. Douglas Parker
Title: Chief Executive Officer
Date: February 22, 2017

/s/ Derek J. Kerr
Name: Derek J. Kerr
Title: Executive Vice President and Chief Financial Officer
Date: February 22, 2017

This certification is being furnished to accompany the Report pursuant to 18 U.S.C. § 1350 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Exhibit 32.2

Certification of CEO and CFO Pursuant to
18 U.S.C. Section 1350,
as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report on Form 10-K of American Airlines, Inc. (the "Company") for the year ended December 31, 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), W. Douglas Parker, as Chief Executive Officer of the Company, and Derek J. Kerr, as Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ W. Douglas Parker
Name: W. Douglas Parker
Title: Chief Executive Officer
Date: February 22, 2017

/s/ Derek J. Kerr
Name: Derek J. Kerr
Title: Executive Vice President and Chief Financial Officer
Date: February 22, 2017

This certification is being furnished to accompany the Report pursuant to 18 U.S.C. § 1350 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.