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

FORM 10-Q

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

For the Quarterly Period Ended September 30, 2020

☐ **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.)
1 Skyview Drive, Fort Worth, Texas 76155	**(817) 963-1234**
(Address of principal executive offices, including zip code)	(Registrant's telephone number, including area code)

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.)
1 Skyview Drive, 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:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.01 par value per share	**AAL**	**The Nasdaq Global Select Market**

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 every Interactive Data File required to be submitted 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 such files).

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

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

American Airlines Group Inc.	☒	Large accelerated filer	☐	Accelerated filer	☐	Non-accelerated filer	☐	Smaller reporting company	☐ Emerging growth company
American Airlines, Inc.	☐	Large accelerated filer	☐	Accelerated filer	☒	Non-accelerated filer	☐	Smaller reporting company	☐ Emerging growth company

If an emerging growth company, indicate by checkmark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

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

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

As of October 16, 2020, there were 508,631,777 shares of American Airlines Group Inc. common stock outstanding.

As of October 16, 2020, there were 1,000 shares of American Airlines, Inc. common stock outstanding, all of which were held by American Airlines Group Inc.

American Airlines Group Inc.
American Airlines, Inc.
Form 10-Q
Quarterly Period Ended September 30, 2020
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General

This report is filed by American Airlines Group Inc. (AAG) and its wholly-owned subsidiary American Airlines, Inc. (American). References in this report to “we,” “us,” “our,” the “Company” and similar terms refer to AAG and its consolidated subsidiaries. References in this report to “mainline” refer to the operations of American only and exclude regional operations.

Glossary of Terms

For the convenience of the reader, the definitions of certain capitalized industry and other terms used in this report have been consolidated into a Glossary beginning on page 3.

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 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations, Part II, Item 1A. Risk Factors and other risks and uncertainties listed from time to time in our filings with the Securities and Exchange Commission (the SEC).

All of the forward-looking statements are qualified in their entirety by reference to the factors discussed in Part II, 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. In particular, the consequences of the coronavirus outbreak to economic conditions and the travel industry in general and our financial position and operating results in particular have been material, are changing rapidly, and cannot be predicted. 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 report or as of the dates indicated in the statements.

GLOSSARY OF TERMS

“2013 Credit Agreement” means the Amended and Restated Credit and Guaranty Agreement dated as of May 21, 2015, among American, AAG, the lenders from time to time party thereto, Deutsche Bank AG New York Branch, as administrative agent, and certain other parties thereto, as amended.

“2013 Revolving Facility” means the $750 million revolving credit facility provided for by the 2013 Credit Agreement.

“2013 Term Loan Facility” means the $1.9 billion term loan facility provided for under the 2013 Credit Agreement.

“2014 Credit Agreement” means the Amended and Restated Credit and Guaranty Agreement dated as of April 20, 2015, among American, AAG, the lenders from time to time party thereto, Citibank N.A., as administrative agent, and certain other parties thereto, as amended.

“2014 Credit Facilities” means the 2014 Revolving Facility and the 2014 Term Loan Facility provided for by the 2014 Credit Agreement.

“2014 Revolving Facility” means the $1.6 billion revolving credit facility provided for by the 2014 Credit Agreement.

“2014 Term Loan Facility” means the $1.3 billion term loan facility provided for by the 2014 Credit Agreement.

“2016 JFK Bonds” means special facility revenue bonds issued on behalf of American by NYTDC in June 2016.

“2019 Form 10-K” means AAG’s and American’s Annual Report on Form 10-K for the year ended December 31, 2019.

“2019-1 Aircraft EETCs” means the three pass-through trusts created by American in August 2019 that have issued approximately $1.1 billion aggregate face amount of Series 2019-1 Class AA, Class A and Class B EETCs.

“2020 JFK Bonds” means the approximately $360 million of special facility revenue bonds issued on behalf of American by NYTDC in June 2020.

“3.75% Senior Notes” mean 3.75% senior notes due 2025 with an aggregate principal amount of $500 million.

“5.000% senior notes” means the 5.000% notes due in 2022 with an aggregate principal amount of $750 million.

“10.75% Senior Secured Notes” means the LGA/DCA Notes and the IP Notes.

“10.75% Senior Secured Notes Closing Date” means September 25, 2020.

“10.75% Senior Secured Notes Collateral” means the IP Collateral and LGA/DCA Collateral.

“10.75% Senior Secured Notes Indenture” means the IP Notes Indenture and the LGA/DCA Notes Indenture.

“10.75% Senior Secured Notes Trustee” means the Wilmington Trust, National Association as trustee.

“11.75% Senior Secured Notes” means the 11.75% senior secured notes due in 2025 with an aggregate principal amount of $2.5 billion.

“AAdvantage” means the AAdvantage® frequent flyer program.

“AAG”, “we”, “us”, “our” and similar terms means American Airlines Group Inc. and its consolidated subsidiaries.

“American” means American Airlines, Inc., a wholly-owned subsidiary of AAG.

“American Eagle” means our regional carriers, including our wholly-owned regional carriers Envoy, PSA and Piedmont, as well as third-party regional carriers including Mesa, Republic and SkyWest.

“AMR” or “AMR Corporation” means AMR Corporation and is used to reference AAG during the period of time prior to its emergence from Chapter 11 and the Merger.

“AMT” means alternative minimum tax.

“AOCI” means accumulated other comprehensive income (loss).

“April 2016 Credit Agreement” means the Credit and Guaranty Agreement, dated as of April 29, 2016, among American, AAG, the lenders from time to time party thereto, Barclays Bank PLC, as administrative agent, and certain other parties thereto, as amended.

“April 2016 Credit Facilities” means the April 2016 Revolving Facility and April 2016 Term Loan Facility provided for by the 2016 Credit Agreement.

“April 2016 Revolving Facility” means the $450 million revolving credit facility provided for by the April 2016 Credit Agreement.

“April 2016 Term Loan Facility” means the $1,000 million term loan facility provided for by the April 2016 Credit Agreement.

“ASC” means the FASB Accounting Standards Codification.

“ASC 350” means the FASB Accounting Standards Codification relating to “Intangibles - Goodwill and Other.”

“ASC 360” means the FASB Accounting Standards Codification relating to “Property, Plant, and Equipment.”

“ASM” means available seat mile and is a basic measure of production. One ASM represents one seat flown one mile.

“ASU” means Accounting Standards Update.

“ATC” means air traffic control.

“ATC system” means the U.S. National Airspace System.

“Bankruptcy Court” means the United States Bankruptcy Court for the Southern District of New York.

“Base Indenture” means the indenture, dated as of June 25, 2020, between AAG and the Convertible Notes Trustee.

“Bylaws” means AAG’s Amended and Restated Bylaws, as amended.

“CARES Act” means the Coronavirus Air, Relief, and Economic Security Act, as amended.

“CASM” means operating cost per available seat mile and is equal to operating expenses divided by ASMs.

“CBAs” means collective bargaining agreements.

“CEO” means Chief Executive Officer.

“CFO” means Chief Financial Officer.

“Chapter 11 Cases” means the voluntary petitions for relief filed on November 29, 2011 by the Debtors.

“China Southern Airlines” means China Southern Airlines Company Limited.

“CMA” means the United Kingdom Competition and Markets Authority.

“CO_2” means carbon dioxide.

“Code” means the Internal Revenue Code of 1986, as amended.

“Company” means AAG and its consolidated subsidiaries.

“Convertible Notes” means AAG’s 6.50% convertible senior notes due 2025.

“Convertible Notes Indenture” means the Base Indenture and the Convertible Notes Supplemental Indenture.

“Convertible Notes Guarantee” means the full and unconditional guarantee of the Convertible Notes by American.

“Convertible Notes Supplemental Indenture” means the first supplemental indenture, dated as of June 25, 2020, among AAG, American and the Convertible Notes Trustee.

“Convertible Notes Trustee” means the Wilmington Trust, National Association as trustee.

“CORSIA” means the Carbon Offsetting and Reduction Scheme for International Aviation.

“COVID-19” means coronavirus.

“DCA” means Ronald Reagan Washington National Airport.

“DC Court” means the Federal District Court for the District of Columbia.

“Debtors” means AMR, American, and certain of AMR’s other direct and indirect domestic subsidiaries.

“December 2016 Credit Agreement” means the Credit and Guaranty Agreement dated as of December 15, 2016, among American, AAG, the lenders from time to time party thereto, Citibank N.A., as administrative agent, and certain other parties thereto, as amended.

“December 2016 Credit Facilities” means the revolving credit facility that may be established under the December 2016 Credit Agreement and December 2016 Term Loan Facility provided for by the December 2016 Credit Agreement.

“December 2016 Term Loan Facility” means the $1.2 billion term loan facility provided for under the December 2016 Credit Agreement.

“Delayed Draw Term Loan Credit Facility” means the Credit and Guaranty Agreement dated as of March 18, 2020, among American, AAG, the lenders from time to time party thereto, Citibank N.A., as administrative agent, and certain other parties thereto, as amended.

“Disputed Claims Reserve” means a reserve established by the Bankruptcy Court, pursuant to the Plan, to hold shares of AAG common stock for issuance to disputed claimholders at the Effective Date.

“DOT” means the U.S. Department of Transportation.

“EC” means the European Commission.

“EETC” means enhanced equipment trust certificate.

“Effective Date” means December 9, 2013.

“Envoy” means Envoy Air Inc.

“EPS” means earnings (loss) per common share.

“EU” means European Union.

"EWR" means Newark Liberty International Airport.

“Exchange Act” means Securities Exchange Act of 1934, as amended.

“Exercise Price” means $12.51 per share, pursuant to the PSP Warrant Agreement and the Treasury Loan Warrant Agreement.

“FAA” means Federal Aviation Administration.

“GAAP” means generally accepted accounting principles in the U.S.

“GDSs” means global distribution systems.

“GHG” means greenhouse gas.

“Guarantors” means the Subsidiaries as guarantors pursuant to the PSP Promissory Note.

“Holdback” means an amount of cash held by our credit card processors in certain circumstances (including, with respect to certain agreements, our failure to maintain certain levels of liquidity).

“IAM” means International Association of Machinists & Aerospace Workers.

“IAM Pension Fund” means the IAM National Pension Fund.

“IP Collateral” means the certain intellectual property of American, including the “American Airlines” trademark and the “aa.com” domain name in the United States and certain foreign jurisdictions, to which American has given a first lien security interest to secure the IP Notes.

“IP Notes” means American’s $1.0 billion in initial principal amount of PIK senior secured IP notes.

“IP Notes Indenture” means the indenture, dated as of September 25, 2020, by and among American, AAG and Wilmington Trust, National Association, as trustee and as collateral trustee, pursuant to which the IP Notes were issued.

“Installment” means the financial assistance payment, in installments, by Treasury pursuant to the PSP agreement.

“JBAs” means joint business agreements.

“JFK” means John F. Kennedy International Airport.

“LAX” means Los Angeles International Airport.

“LGA/DCA Collateral” means certain slots related to American’s operations at LGA and DCA and certain other assets that are used as (a) a first-lien security interest to secure the December 2016 Credit Facilities, (b) a first lien security interest to secure the LGA/DCA Notes and (c) a second lien security interest to secure the IP Notes.

“LGA/DCA Notes” means American’s $200 million in initial principal amount of PIK senior secured notes.

“LGA/DCA Notes Indenture” means the indenture, dated as of September 25, 2020, by and among American, AAG and Wilmington Trust, National Association, as trustee and as collateral trustee, pursuant to which the LGA/DCA Notes were issued.

“LGA” means LaGuardia Airport.

“LGW” or “London Gatwick” means London Gatwick Airport.

“LHR” or “London Heathrow” means London Heathrow Airport.

“LIBOR” means the London interbank offered rate for deposits of U.S. dollars.

“Loyalty Program Revenues” means the revenues received by American and AAG from the AAdvantage loyalty program.

“Mainline” means the operations of American and excludes regional operations.

“Merger” means the merger of US Airways Group and AMR Corporation on December 9, 2013.

“Mesa” means Mesa Airlines, Inc.

“NMB” means National Mediation Board.

“NOL Carryforwards” means a deduction in any taxable year for net operating losses carried over from prior taxable years.

“NOLs” means net operating losses.

“NYTDC” means the New York Transportation Development Corporation.

“ORD” means Chicago O’Hare International Airport.

“OTAs” means online travel agents.

“Passenger load factor” means the percentage of available seats that are filled with revenue passengers.

“Payroll Support Program” means the payroll support program under the CARES Act.

“PEB” means Presidential Emergency Board.

“Piedmont” means Piedmont Airlines, Inc.

“Plan” means the Debtors’ fourth amended joint plan of reorganization.

“PRASM” means passenger revenue per available seat mile and is equal to passenger revenues divided by ASMs.

“PSA” means PSA Airlines, Inc.

“PSP Agreement” means the Payroll Support Program Agreement entered into by the Subsidiaries with Treasury on the PSP Closing Date.

“PSP Closing Date” means April 20, 2020.

"PSP Financial Assistance" means the portion of financial assistance received from Treasury pursuant to the PSP Agreement that is not allocated to the PSP Warrants or PSP Promissory Note.

“PSP Maturity Date” means the tenth anniversary of the PSP Closing Date.

“PSP Promissory Note” means the promissory note issued to Treasury in connection with the Payroll Support Program.

“PSP Warrant Agreement” means the agreement entered into between AAG and Treasury in connection with the PSP Agreement, pursuant to which AAG issued PSP Warrants to Treasury to purchase up to an aggregate of approximately 14.1 million shares of AAG common stock.

“PSP Warrant Shares” means up to approximately 14.1 million shares of AAG common stock which Treasury will have the right to purchase pursuant to PSP Warrants issued by AAG in accordance with the PSP Warrant Agreement.

“PSP Warrants” means the warrants issued or to be issued to Treasury pursuant to the PSP Warrant Agreement.

“Republic” means Republic Airways Inc.

“RLA” means Railway Labor Act.

“ROU” means right-of-use.

“RPM” or “RPMs” means revenue passenger mile or miles and is a basic measure of sales volume. One RPM represents one passenger flown one mile.

“SEC” means Securities and Exchange Commission.

“Section 382” means Section 382 of the Internal Revenue Code.

“Securities Act” means Securities Act of 1933, as amended.

“SkyWest” means SkyWest Airlines, Inc.

“Slots” means landing and take-off rights and authorizations, as required by certain airports.

“Subsidiaries” means each of AAG's wholly-owned subsidiaries, PSA, American, Envoy and Piedmont.

“Terminal” means the passenger terminal facility used by American at JFK.

“TRASM” means the total revenue per available seat mile and is equal to the total revenues divided by total mainline and third-party regional carrier ASMs.

“Treasury” means the U.S. Department of the Treasury.

“Treasury Collateral” means American's rights under U.S. co-branded credit card agreements and certain other loyalty program partner participation agreements (including rights to receive cash flows thereunder), documents, deposit accounts, securities accounts, books and records and intellectual property related to American's AAdvantage loyalty program and all proceeds, accessions, rents or profits related to the foregoing.

“Treasury Loan Agreement” means the Loan and Guarantee Agreement, dated as of September 25, 2020, between AAG, American and Treasury which provides for the Treasury Term Loan Facility.

“Treasury Loan Closing Date” means September 25, 2020.

“Treasury Loan Restatement Agreement” means the Restatement Agreement, dated as of October 21, 2020, to the Term Loan Agreement.

“Treasury Loan Warrant Agreement” means the warrant agreement, dated as of September 25, 2020, between AAG and Treasury entered into in connection with the Treasury Loan Agreement, pursuant to which AAG will issue Treasury Loan Warrants to Treasury to purchase shares of AAG common stock.

“Treasury Loan Warrants” means the warrants issued or to be issued to Treasury pursuant to the Treasury Loan Warrant Agreement.

“Treasury Loan Warrant Shares” means shares of AAG common stock which Treasury will have the right to purchase pursuant to Treasury Loan Warrants issued by AAG in accordance with the Treasury Loan Warrant Agreement.

“Treasury Term Loan Facility” means the term loan facility provided for under the Treasury Loan Agreement.

“Treasury Term Loan Maturity Date” means June 30, 2025.

“TWU-IAM Association” means Transport Workers Union and International Association of Machinists & Aerospace Workers.

“US Airways” means US Airways, Inc.

“US Airways Group” means US Airways Group, Inc. and its consolidated subsidiaries.

“USTR” means the Office of the U.S. Trade Representative.

“Withdrawal Agreement” means the agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community.

“WTO” means World Trade Organization.

“Yield” means a measure of airline revenue derived by dividing passenger revenue by RPMs.

PART I: FINANCIAL INFORMATION

This report on Form 10-Q is filed by both AAG and American and includes the Condensed Consolidated Financial Statements of each company in Item 1A and Item 1B, respectively.

ITEM 1A. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES GROUP INC.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Operating revenues:				
Passenger	$ 2,540	$ 10,995	$ 11,328	$ 31,663
Cargo	207	208	484	647
Other	426	708	1,497	2,145
Total operating revenues	3,173	11,911	13,309	34,455
Operating expenses:				
Aircraft fuel and related taxes	453	1,989	2,065	5,710
Salaries, wages and benefits	2,705	3,219	8,384	9,509
Regional expenses	914	1,933	3,638	5,582
Maintenance, materials and repairs	337	610	1,253	1,745
Other rent and landing fees	367	530	1,149	1,568
Aircraft rent	336	335	1,004	996
Selling expenses	70	424	418	1,194
Depreciation and amortization	498	499	1,557	1,469
Special items, net	(295)	228	(657)	487
Other	659	1,336	2,404	3,859
Total operating expenses	6,044	11,103	21,215	32,119
Operating income (loss)	(2,871)	808	(7,906)	2,336
Nonoperating income (expense):				
Interest income	5	34	36	103
Interest expense, net	(340)	(284)	(851)	(830)
Other income (expense), net	111	(1)	77	76
Total nonoperating expense, net	(224)	(251)	(738)	(651)
Income (loss) before income taxes	(3,095)	557	(8,644)	1,685
Income tax provision (benefit)	(696)	132	(1,937)	413
Net income (loss)	$ (2,399)	$ 425	$ (6,707)	$ 1,272
Earnings (loss) per common share:				
Basic	$ (4.71)	$ 0.96	$ (14.76)	$ 2.85
Diluted	$ (4.71)	$ 0.96	$ (14.76)	$ 2.84
Weighted average shares outstanding (in thousands):				
Basic	509,049	441,915	454,523	446,291
Diluted	509,049	442,401	454,523	447,139
Cash dividends declared per common share	$ —	$ 0.10	$ 0.10	$ 0.30

See accompanying notes to condensed consolidated financial statements.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Net income (loss)	$ (2,399)	$ 425	$ (6,707)	$ 1,272
Other comprehensive income (loss), net of tax:				
Pension, retiree medical and other postretirement benefits	(14)	(19)	(145)	(53)
Investments	1	—	—	3
Total other comprehensive loss, net of tax	(13)	(19)	(145)	(50)
Total comprehensive income (loss)	$ (2,412)	$ 406	$ (6,852)	$ 1,222

See accompanying notes to condensed consolidated financial statements.

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

	September 30, 2020	December 31, 2019
	(Unaudited)	
ASSETS		
Current assets		
Cash	$ 253	$ 280
Short-term investments	8,031	3,546
Restricted cash and short-term investments	508	158
Accounts receivable, net	1,135	1,750
Aircraft fuel, spare parts and supplies, net	1,633	1,851
Prepaid expenses and other	780	621
Total current assets	12,340	8,206
Operating property and equipment		
Flight equipment	37,576	42,537
Ground property and equipment	9,451	9,443
Equipment purchase deposits	1,899	1,674
Total property and equipment, at cost	48,926	53,654
Less accumulated depreciation and amortization	(16,670)	(18,659)
Total property and equipment, net	32,256	34,995
Operating lease right-of-use assets	7,979	8,737
Other assets		
Goodwill	4,091	4,091
Intangibles, net of accumulated amortization of $734 and $704, respectively	2,039	2,084
Deferred tax asset	2,425	645
Other assets	1,643	1,237
Total other assets	10,198	8,057
Total assets	$ 62,773	$ 59,995
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities		
Current maturities of long-term debt and finance leases	$ 2,710	$ 2,861
Accounts payable	1,077	2,062
Accrued salaries and wages	1,919	1,541
Air traffic liability	4,903	4,808
Loyalty program liability	2,051	3,193
Operating lease liabilities	1,736	1,708
Other accrued liabilities	2,188	2,138
Total current liabilities	16,584	18,311
Noncurrent liabilities		
Long-term debt and finance leases, net of current maturities	30,076	21,454
Pension and postretirement benefits	6,310	6,052
Loyalty program liability	7,043	5,422
Operating lease liabilities	6,683	7,421
Other liabilities	1,605	1,453
Total noncurrent liabilities	51,717	41,802
Commitments and contingencies		
Stockholders' equity (deficit)		
Common stock, $0.01 par value; 1,750,000,000 shares authorized, 508,603,895 shares issued and outstanding at September 30, 2020; 428,202,506 shares issued and outstanding at December 31, 2019	5	4
Additional paid-in capital	5,430	3,945
Accumulated other comprehensive loss	(6,476)	(6,331)
Retained earnings (deficit)	(4,487)	2,264
Total stockholders' deficit	(5,528)	(118)
Total liabilities and stockholders' equity (deficit)	$ 62,773	$ 59,995

See accompanying notes to condensed consolidated financial statements.

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

	Nine Months Ended September 30,	
	2020	2019
Net cash provided by (used in) operating activities	$ (3,680)	$ 3,215
Cash flows from investing activities:		
Capital expenditures and aircraft purchase deposits	(1,810)	(3,129)
Proceeds from sale-leaseback transactions	433	629
Proceeds from sale of property and equipment	251	42
Purchases of short-term investments	(7,086)	(2,878)
Sales of short-term investments	2,603	2,524
Increase in restricted short-term investments	(317)	(2)
Other investing activities	(112)	(68)
Net cash used in investing activities	(6,038)	(2,882)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	11,564	3,550
Payments on long-term debt and finance leases	(3,018)	(2,835)
Proceeds from issuance of equity	1,527	—
Deferred financing costs	(132)	(51)
Treasury stock repurchases	(173)	(825)
Dividend payments	(43)	(135)
Net cash provided by (used in) financing activities	9,725	(296)
Net increase in cash and restricted cash	7	37
Cash and restricted cash at beginning of period	290	286
Cash and restricted cash at end of period [1]	$ 297	$ 323
Non-cash transactions:		
Right-of-use (ROU) assets acquired through operating leases	$ 468	$ 854
Payroll Support Program Warrants	63	—
Settlement of bankruptcy obligations	56	7
Treasury Loan Warrants	25	—
Deferred financing costs paid through issuance of debt	17	—
Property and equipment acquired through finance leases	—	46
Supplemental information:		
Interest paid, net	715	817
Income taxes paid	2	5

[1] The following table provides a reconciliation of cash and restricted cash to amounts reported within the condensed consolidated balance sheets:

Cash	$ 253	$ 312
Restricted cash included in restricted cash and short-term investments	44	11
Total cash and restricted cash	$ 297	$ 323

See accompanying notes to condensed consolidated financial statements.

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

	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Earnings (Deficit)	Total
Balance at December 31, 2019	$ 4	$ 3,945	$ (6,331)	$ 2,264	$ (118)
Net loss	—	—	—	(2,241)	(2,241)
Other comprehensive loss, net	—	—	(149)	—	(149)
Purchase and retirement of 6,378,025 shares of AAG common stock	—	(145)	—	—	(145)
Dividends declared on AAG common stock ($0.10 per share)	—	—	—	(44)	(44)
Issuance of 1,062,052 shares of AAG common stock pursuant to employee stock plans net of shares withheld for cash taxes	—	(13)	—	—	(13)
Settlement of single-dip unsecured claims held in Disputed Claims Reserve	—	56	—	—	56
Share-based compensation expense	—	18	—	—	18
Balance at March 31, 2020	4	3,861	(6,480)	(21)	(2,636)
Net loss	—	—	—	(2,067)	(2,067)
Other comprehensive income, net	—	—	17	—	17
Payroll Support Program Warrants	—	55	—	—	55
Equity component of convertible debt issued, net of tax and offering costs	—	320	—	—	320
Issuance of 85,215,000 shares of AAG common stock pursuant to a public stock offering, net of offering costs	1	1,112	—	—	1,113
Issuance of 454,621 shares of AAG common stock pursuant to employee stock plans net of shares withheld for cash taxes	—	(2)	—	—	(2)
Share-based compensation expense	—	31	—	—	31
Balance at June 30, 2020	5	5,377	(6,463)	(2,088)	(3,169)
Net loss	—	—	—	(2,399)	(2,399)
Other comprehensive loss, net	—	—	(13)	—	(13)
Payroll Support Program Warrants	—	8	—	—	8
Treasury Loan Warrants	—	25	—	—	25
Issuance of 47,741 shares of AAG common stock pursuant to employee stock plans net of shares withheld for cash taxes	—	—	—	—	—
Share-based compensation expense	—	20	—	—	20
Balance at September 30, 2020	$ 5	$ 5,430	$ (6,476)	$ (4,487)	$ (5,528)

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

	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total
Balance at December 31, 2018	$ 5	$ 4,964	$ (5,896)	$ 758	$ (169)
Net income	—	—	—	185	185
Other comprehensive loss, net	—	—	(13)	—	(13)
Purchase and retirement of 16,947,393 shares of AAG common stock	—	(610)	—	—	(610)
Dividends declared on AAG common stock ($0.10 per share)	—	—	—	(46)	(46)
Issuance of 552,752 shares of AAG common stock pursuant to employee stock plans net of shares withheld for cash taxes	—	(8)	—	—	(8)
Share-based compensation expense	—	25	—	—	25
Balance at March 31, 2019	5	4,371	(5,909)	897	(636)
Net income	—	—	—	662	662
Other comprehensive loss, net	—	—	(18)	—	(18)
Dividends declared on AAG common stock ($0.10 per share)	—	—	—	(45)	(45)
Issuance of 1,046,122 shares of AAG common stock pursuant to employee stock plans net of shares withheld for cash taxes	—	(17)	—	—	(17)
Settlement of single-dip unsecured claims held in Disputed Claims Reserve	—	7	—	—	7
Share-based compensation expense	—	25	—	—	25
Balance at June 30, 2019	5	4,386	(5,927)	1,514	(22)
Net income	—	—	—	425	425
Other comprehensive loss, net	—	—	(19)	—	(19)
Purchase and retirement of 7,275,610 shares of AAG common stock	(1)	(200)	—	—	(201)
Dividends declared on AAG common stock ($0.10 per share)	—	—	—	(45)	(45)
Issuance of 48,547 shares of AAG common stock pursuant to employee stock plans net of shares withheld for cash taxes	—	—	—	—	—
Share-based compensation expense	—	22	—	—	22
Balance at September 30, 2019	$ 4	$ 4,208	$ (5,946)	$ 1,894	$ 160

See accompanying notes to condensed consolidated financial statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES GROUP INC.
(Unaudited)

1. Basis of Presentation and Recent Accounting Pronouncements

(a) Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of American Airlines Group Inc. (we, us, our and similar terms, or AAG) should be read in conjunction with the consolidated financial statements contained in our Annual Report on Form 10-K for the year ended December 31, 2019. The accompanying unaudited condensed consolidated financial statements include the accounts of AAG and its wholly-owned subsidiaries. AAG's principal subsidiary is American Airlines, Inc. (American). All significant intercompany transactions have been eliminated.

Management believes that all adjustments necessary for the fair presentation of results, consisting of normally recurring items, have been included in the unaudited condensed consolidated financial statements for the interim periods presented. 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, as well as pension and retiree medical and other postretirement benefits.

(b) Impact of Coronavirus (COVID-19)

COVID-19 has been declared a global health pandemic by the World Health Organization. COVID-19 has surfaced in nearly all regions of the world, which has driven the implementation of significant, government-imposed measures to prevent or reduce its spread, including travel restrictions, closing of borders, "shelter in place" orders and business closures. As a result, we have experienced an unprecedented decline in the demand for air travel, which has resulted in a material deterioration in our revenues. While our business performed largely as expected in January and February of 2020, a severe reduction in air travel starting in March 2020 resulted in our total operating revenues decreasing approximately 20% in the first quarter of 2020, 86% in the second quarter of 2020 and 73% in the third quarter of 2020 as compared to the first, second and third quarters of 2019, respectively. While the length and severity of the reduction in demand due to COVID-19 is uncertain, we expect our results of operations for the remainder of 2020 to be severely impacted.

We have taken aggressive actions to mitigate the effect of COVID-19 on our business including deep capacity reductions, structural changes to our fleet, cost reductions, and steps to preserve cash and improve our overall liquidity position. We remain extremely focused on taking all self-help measures available to manage our business during this unprecedented time, consistent with the terms of the financial assistance we have received from the U.S. Government under the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

Capacity Reductions

We have significantly reduced our capacity (as measured by available seat miles), with the third quarter of 2020 flying decreased by 59% year-over-year and fourth quarter of 2020 flying expected to decrease by more than 50% year-over-year, with long-haul international capacity down approximately 75% year-over-year. The demand environment continues to be uncertain as COVID-19 cases have continued to fluctuate in jurisdictions to which we fly and travel restrictions have generally remained in place. Due to this uncertainty, we will continue to adjust our future capacity to match developing trends in bookings for future travel and make further adjustments to our capacity as needed.

Fleet

To better align our network with lower passenger demand, we accelerated the retirement of Airbus A330-200, Boeing 757, Boeing 767, Airbus A330-300 and Embraer 190 fleets as well as certain regional aircraft, including certain Embraer 140 and Bombardier CRJ200 aircraft. These retirements remove complexity from our operation and bring forward cost savings and efficiencies associated with operating fewer aircraft types. See Note 13 for further information on the accounting for our fleet retirements. Due to the inherent uncertainties of the current operating environment, we will continue to evaluate our current fleet and may decide to permanently retire additional aircraft. In addition, we have placed a number of Boeing 737-800 and certain regional aircraft into temporary storage.

Cost Reductions

We are moving quickly to better align our costs with our reduced schedule. In aggregate, we estimate that we have reduced our 2020 operating and capital expenditures by approximately $17.0 billion. These savings have been achieved primarily through capacity reductions. In addition, we have implemented a series of actions, including the accelerated fleet retirements discussed above as well as reductions in maintenance expense and non-aircraft capital expenditures through less fleet modification work, the elimination of ground service equipment purchases and pausing all non-critical facility investments and information technology projects. We have also suspended all non-essential hiring, paused non-contractual pay rate increases, reduced executive and board of director compensation, implemented voluntary leave and early retirement programs, decreased our management and support staff team, including officers, by approximately 5,100 positions, or 30%, and, as necessary, undertaken furloughs, to reduce our labor costs consistent with our obligations under the CARES Act. In total, more than 20,000 team members have opted for an early retirement or long-term paid leave and approximately 19,000 team members were furloughed starting October 1, 2020. Additionally, we have made reductions in marketing, contractor, event and training expenses as well as consolidated space at airport facilities.

Liquidity

At September 30, 2020, we had $13.6 billion in total available liquidity, consisting of $8.3 billion in unrestricted cash and short-term investments, $4.9 billion in an undrawn term loan facility under the CARES Act and $400 million in an undrawn short-term revolving facility.

During the first nine months of 2020, we completed the following financing transactions (see Note 6 for further information):

- refinanced the $1.2 billion 2014 Term Loan Facility at a lower interest rate and extended the maturity from 2021 to 2027;
- raised $1.0 billion from a senior secured delayed draw term loan credit facility;
- issued $500 million in aggregate principal amount of 3.75% unsecured senior notes due 2025 and repaid $500 million of 4.625% unsecured senior notes that matured in March 2020;
- borrowed $750 million under the 2013 Revolving Facility, $1.6 billion under the 2014 Revolving Facility and $450 million under the April 2016 Revolving Facility;
- issued $1.0 billion in aggregate principal amount of 6.50% convertible senior notes due 2025;
- issued 85.2 million shares of AAG common stock at a price of $13.50 per share pursuant to a public offering of common stock for net proceeds of $1.1 billion;
- issued $2.5 billion in aggregate principal amount of 11.75% senior secured notes due 2025 and repaid the $1.0 billion senior secured delayed draw term loan credit facility that we borrowed in March 2020;
- issued approximately $360 million in special facility revenue bonds, of which $47 million was used to fund the redemption of certain outstanding bonds;
- entered into a $5.5 billion secured term loan facility with the U.S. Department of Treasury (Treasury), of which we borrowed $550 million (see below for additional information on the Treasury Loan Agreement);
- issued $1.2 billion in aggregate principal amount of two series of 10.75% senior secured notes due 2026 secured by various collateral;
- raised $392 million from aircraft sale-leaseback transactions; and
- raised $323 million from enhanced equipment trust certificates (EETCs) and other aircraft and flight equipment financings, of which $17 million was used to repay existing indebtedness.

In addition to the foregoing financings, we were initially approved to receive an aggregate of $5.8 billion in financial assistance to be paid in installments through the payroll support program (Payroll Support Program) under the CARES Act, all of which was received by the end of July 2020. On September 30, 2020, we received an additional installment of $168 million for a total aggregate of $6.0 billion of such financial assistance and, as a result, the promissory note (the PSP Promissory Note) previously issued to Treasury for $1.7 billion was revised upwards to $1.8 billion in aggregate principal

amount and warrants to purchase up to an aggregate of approximately 13.7 million shares of AAG common stock were revised upwards to 14.1 million shares (the PSP Warrant Shares) of AAG common stock. See below for further discussion on the Payroll Support Program.

Also, we are permitted to, and will, defer payment of the employer portion of Social Security taxes through the end of 2020 (with 50% of the deferred amount due December 31, 2021 and the remaining 50% due December 31, 2022). This deferral is expected to provide approximately $300 million in additional liquidity during 2020. Additionally, we have suspended our capital return program, including share repurchases and the payment of future dividends for at least the period that the restrictions imposed by the CARES Act are applicable.

We continue to evaluate future financing opportunities and work with third-party appraisers on valuations of our remaining unencumbered assets.

Certain of our debt financing agreements 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 and/or contain loan to value and debt service coverage ratio covenants.

Given the above actions and our assumptions about the future impact of COVID-19 on travel demand, which could be materially different due to the inherent uncertainties of the current operating environment, we expect to meet our cash obligations as well as remain in compliance with the debt covenants in our existing financing agreements for the next 12 months based on our current level of unrestricted cash and short-term investments, our anticipated access to liquidity (including via proceeds from financings and funds from government assistance obtained pursuant to the CARES Act) and projected cash flows from operations.

Payroll Support Program

On April 20, 2020 (the PSP Closing Date), American, Envoy Air Inc. (Envoy), Piedmont Airlines, Inc. (Piedmont) and PSA Airlines, Inc. (PSA and together with American, Envoy and Piedmont, the Subsidiaries), each our wholly-owned subsidiary, entered into a Payroll Support Program Agreement (the PSP Agreement) with Treasury, with respect to the Payroll Support Program provided pursuant to the CARES Act. In connection with our entry into the PSP Agreement, on the PSP Closing Date, we also entered into a warrant agreement (the PSP Warrant Agreement) with Treasury, and we issued the PSP Promissory Note to Treasury, with the Subsidiaries as guarantors (the Guarantors).

Payroll Support Program Agreement

In connection with the Payroll Support Program, we are required to comply with the relevant provisions of the CARES Act, including the requirement that funds provided pursuant to the PSP Agreement be used exclusively for the continuation of payment of employee wages, salaries and benefits, the requirement against involuntary furloughs and reductions in employee pay rates and benefits, which expired on September 30, 2020, the requirement that certain levels of commercial air service be maintained and the provisions that prohibit the repurchase of AAG common stock, and the payment of common stock dividends through September 30, 2021, as well as those that restrict the payment of certain executive compensation until March 24, 2022. The PSP Agreement also imposes substantial reporting obligations on us. As of September 30, 2020, we also received a secured loan from Treasury under the loan program that is due June 2025 and, as a result, the stock repurchase, dividend and executive compensation restrictions will remain in place through the date that is one year after such secured loan is fully repaid. See below for additional information on the Treasury Loan Agreement.

Pursuant to the PSP Agreement, Treasury provided us financial assistance which was paid in installments (each, an Installment) and totaled an aggregate of approximately $5.8 billion initially and was subsequently increased to $6.0 billion, and all of which has been received as of September 30, 2020. As partial compensation to the U.S. Government for the provision of financial assistance under the Payroll Support Program, we issued a total aggregate principal amount of approximately $1.8 billion under the PSP Promissory Note and issued warrants (each a PSP Warrant and, collectively, the PSP Warrants) to Treasury to purchase up to an aggregate of approximately 14.1 million PSP Warrant Shares. See Note 6 for further information on the PSP Promissory Note and below for more information on the PSP Warrant Agreement and the PSP Warrants.

For accounting purposes, the $6.0 billion of aggregate financial assistance we received pursuant to the PSP Agreement is allocated to the PSP Promissory Note, the PSP Warrants and other Payroll Support Program financial assistance (the PSP Financial Assistance). The aggregate principal amount of approximately $1.8 billion of PSP Promissory Note was recorded as unsecured long-term debt, and the total fair value of the PSP Warrants of $63 million, estimated using a

Black-Scholes option pricing model, was recorded in stockholders' equity in the condensed consolidated balance sheet. The remaining amount of approximately $4.2 billion of PSP Financial Assistance was recognized as a credit to special items, net in the condensed consolidated statement of operations in the second and third quarters of 2020, the period over which the continuation of payment of employee wages, salaries and benefits was required. For the three and nine months ended September 30, 2020, approximately $2.1 billion and $4.2 billion, respectively, was recognized as a credit to special items, net in the condensed consolidated statement of operations.

PSP Warrant Agreement and PSP Warrants

As partial compensation to the U.S. Government for the provision of financial assistance under the PSP Agreement, and pursuant to the PSP Warrant Agreement, we agreed to issue warrants to Treasury to purchase up to an aggregate of approximately 14.1 million PSP Warrant Shares of AAG common stock. The exercise price of the PSP Warrant Shares is $12.51 per share (which was the closing price of AAG common stock on The Nasdaq Global Select Market on April 9, 2020) (the Exercise Price) subject to certain anti-dilution provisions provided for in the PSP Warrant.

Pursuant to the PSP Warrant Agreement, on the PSP Closing Date, May 29, 2020, June 30, 2020, July 30, 2020 and September 30, 2020, we issued to Treasury a PSP Warrant to purchase up to an aggregate of approximately 6.7 million shares, 2.8 million shares, 2.8 million shares, 1.4 million shares and 0.4 million shares, respectively, of AAG common stock based on the terms described herein.

The PSP Warrants do not have any voting rights and are freely transferrable, with registration rights. Each PSP Warrant expires on the fifth anniversary of the date of issuance of such PSP Warrant. The PSP Warrants will be exercisable either through net share settlement or cash, at our option. The PSP Warrants were issued solely as compensation to the U.S. Government related to entry into the PSP Agreement. No separate proceeds (apart from the financial assistance described above) were received upon issuance of the PSP Warrants or will be received upon exercise thereof.

Treasury Loan Agreement

On September 25, 2020 (the Treasury Loan Closing Date), AAG and American entered into a Loan and Guarantee Agreement (the Treasury Loan Agreement) with Treasury which provides for a secured term loan facility (the Treasury Term Loan Facility) that permitted American to borrow up to $5.5 billion. Subsequently, on October 21, 2020, AAG and American entered into an amendment to the Treasury Loan Agreement that permits American to borrow up to $7.5 billion. The Treasury Loan Agreement will involve the issuance of additional warrants to purchase up to an aggregate of approximately 60.0 million shares of AAG common stock, assuming the Treasury Term Loan Facility is fully drawn. As of September 30, 2020, American borrowed $550 million under the Treasury Term Loan Facility, which is scheduled to mature on June 30, 2025, and issued warrants to Treasury to purchase up to an aggregate of approximately 4.4 million shares of AAG common stock. See Note 6 for further information on the Treasury Loan Agreement and below for more information on the Treasury Loan Warrant Agreement and Treasury Loan Warrants.

Treasury Loan Warrant Agreement and Warrants

In connection with the Treasury Loan Agreement, AAG also entered into a warrant agreement (the Treasury Loan Warrant Agreement) with Treasury. Pursuant to the Treasury Loan Warrant Agreement, AAG agreed to issue warrants (each a Treasury Loan Warrant and, collectively, the Treasury Loan Warrants) to Treasury to purchase up to an aggregate of approximately 60.0 million shares (the Treasury Loan Warrant Shares) of AAG's common stock based on the $7.5 billion commitment amount under the Treasury Term Loan Facility. The exercise price of the Treasury Loan Warrant Shares is $12.51 per share (the Exercise Price) subject to certain anti-dilution provisions provided for in the Treasury Loan Warrant Agreement. For accounting purposes, the fair value for the Treasury Loan Warrant Shares is estimated using a Black-Scholes option pricing model and recorded in stockholders' equity with an offsetting debt discount to the Treasury Term Loan Facility in the condensed consolidated balance sheet.

Pursuant to the Treasury Loan Warrant Agreement, on the Treasury Loan Closing Date, AAG issued to Treasury a Treasury Loan Warrant to purchase up to an aggregate of approximately 4.4 million Treasury Loan Warrant Shares based on the terms described herein. On the date of each additional borrowing under the Treasury Loan Agreement, AAG will issue to Treasury an additional Treasury Loan Warrant for a number of Treasury Loan Warrant Shares equal to 10% of such borrowing, divided by the Exercise Price.

The Treasury Loan Warrants do not have any voting rights and are freely transferrable, with registration rights. Each Treasury Loan Warrant expires on the fifth anniversary of the date of issuance of such Treasury Loan Warrant. The

Treasury Loan Warrants will be exercisable either through net share settlement or cash, at AAG's option. The Treasury Loan Warrants were issued solely as compensation to the U.S. Government related to entry into the Treasury Loan Agreement. No separate proceeds were received upon issuance of the Treasury Loan Warrants or will be received upon exercise thereof.

(c) Recent Accounting Pronouncements

Accounting Standards Update (ASU) 2016-13: Measurement of Credit Losses on Financial Instruments

This ASU requires the use of an expected loss model for certain types of financial instruments and requires consideration of a broader range of reasonable and supportable information to calculate credit loss estimates. For trade receivables, loans and held-to-maturity debt securities, an estimate of lifetime expected credit losses is required. For available-for-sale debt securities, an allowance for credit losses will be required rather than a reduction to the carrying value of the asset. We adopted this accounting standard prospectively as of January 1, 2020, and it did not have a material impact on our condensed consolidated financial statements.

ASU 2020-06: Accounting for Convertible Instruments and Contracts In An Entity's Own Equity

This ASU simplifies the accounting for certain convertible instruments by removing the separation models for convertible debt with a cash conversion feature or convertible instruments with a beneficial conversion feature. As a result, more convertible debt instruments will be reported as a single liability instrument with no separate accounting for embedded conversion features. Additionally, this ASU amends the diluted earnings per share calculation for convertible instruments by requiring the use of the if-converted method. The treasury stock method is no longer available. Entities may adopt this ASU using either a full or modified retrospective approach, and it is effective for interim and annual reporting periods beginning after December 15, 2021. Early adoption is permitted for interim and annual reporting periods beginning after December 15, 2020. This ASU is applicable to our 6.50% convertible senior notes due 2025, and we are assessing the impact the adoption of this ASU will have on our condensed consolidated financial statements.

2. Special Items, Net

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
PSP Financial Assistance [1]	$ (1,908)	$ —	$ (3,710)	$ —
Severance expenses [2]	871	—	1,408	—
Fleet impairment [3]	742	201	1,484	201
Labor contract expenses [4]	—	—	228	—
Mark-to-market adjustments on bankruptcy obligations, net [5]	—	(22)	(49)	(18)
Fleet restructuring expenses [6]	—	72	—	232
Litigation reserve adjustments	—	(53)	—	(53)
Merger integration expenses	—	29	—	106
Other operating special items, net	—	1	(18)	19
Mainline operating special items, net	(295)	228	(657)	487
PSP Financial Assistance [1]	(228)	—	(444)	—
Severance expenses [2]	4	—	18	—
Fleet impairment [3]	—	—	117	—
Other operating special items, net	—	6	—	6
Regional operating special items, net	(224)	6	(309)	6
Operating special items, net	(519)	234	(966)	493
Mark-to-market adjustments on equity and other investments, net [7]	(21)	45	159	37
Debt refinancing, extinguishment and other charges	—	(1)	48	6
Nonoperating special items, net	(21)	44	207	43

[1] PSP Financial Assistance represents recognition of a portion of financial assistance received from Treasury pursuant to the PSP Agreement. See Note 1 for further information.

[2] Severance expenses principally include salary and medical costs associated with certain team members who opted in to voluntary early retirement programs offered as a result of reductions to our operation due to COVID-19. These expenses in the three months ended September 30, 2020 also include salary and medical costs associated with team members who were notified in the third quarter of 2020 they were being involuntarily furloughed starting October 1, 2020, subsequent to the expiration of the Payroll Support Program requirement against involuntary furloughs. Cash payments related to these charges for the three and nine months ended September 30, 2020 were approximately $120 million and $170 million, respectively.

[3] Fleet impairment resulted from our decision to retire certain aircraft earlier than planned driven by the decline in air travel due to COVID-19. Aircraft retired include Airbus A330-200, Boeing 757, Boeing 767, Airbus A330-300, Embraer 190, certain Embraer 140 and Bombardier CRJ200 aircraft. See Note 13 for further information related to these charges.

The three months ended September 30, 2020 included a $709 million non-cash write-down of Airbus A330-200 aircraft and spare parts and $33 million in cash charges primarily for lease return and other costs.

The nine months ended September 30, 2020 included a $1.5 billion non-cash write-down of mainline and regional aircraft and spare parts and $109 million in cash charges primarily for impairment of ROU assets and lease return costs.

(4) Labor contract expenses primarily relate to one-time charges resulting from the ratification of a new contract with the Transport Workers Union and International Association of Machinists & Aerospace Workers for our maintenance and fleet service team members, including signing bonuses and adjustments to vacation accruals resulting from pay rate increases.

(5) Bankruptcy obligations that will be settled in shares of our common stock are marked-to-market based on our stock price.

(6) Fleet restructuring expenses principally included accelerated depreciation and rent expense for aircraft and related equipment expected to be retired earlier than planned.

(7) Mark-to-market adjustments on equity and other investments, net primarily relates to net unrealized gains and losses associated with our equity investment in China Southern Airlines Company Limited (China Southern Airlines) and certain treasury rate lock derivative instruments.

3. Earnings (Loss) Per Common Share

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Basic EPS:				
Net income (loss)	$ (2,399)	$ 425	$ (6,707)	$ 1,272
Weighted average common shares outstanding (in thousands)	509,049	441,915	454,523	446,291
Basic EPS	$ (4.71)	$ 0.96	$ (14.76)	$ 2.85
Diluted EPS:				
Net income (loss) for purposes of computing diluted EPS	$ (2,399)	$ 425	$ (6,707)	$ 1,272
Share computation for diluted EPS (in thousands):				
Basic weighted average common shares outstanding	509,049	441,915	454,523	446,291
Dilutive effect of stock awards	—	486	—	848
Diluted weighted average common shares outstanding	509,049	442,401	454,523	447,139
Diluted EPS	$ (4.71)	$ 0.96	$ (14.76)	$ 2.84

Securities that could potentially dilute EPS in the future, and which were excluded from the calculation of diluted EPS because inclusion of such shares would be antidilutive, are as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Restricted stock unit awards	4,559	2,590	5,091	2,648
PSP Warrants	25	—	2,131	—
Treasury Loan Warrants	1	—	—	—
6.50% convertible senior notes	61,728	—	21,933	—

4. Share Repurchase Programs and Cash Dividends

During the nine months ended September 30, 2020, we repurchased 6.4 million shares of AAG common stock for $145 million at a weighted average cost per share of $22.77, all of which were purchased in the first quarter of 2020.

In January 2020, our Board of Directors declared a cash dividend of $0.10 per share for stockholders of record as of February 5, 2020 and paid on February 19, 2020, totaling $43 million.

We have suspended our capital return program, including share repurchases and the payment of future dividends. In connection with our receipt of financial assistance under the Payroll Support Program, we agreed not to repurchase

shares of or make dividend payments in respect of AAG common stock through September 30, 2021. As of September 30, 2020, we also entered into the Treasury Loan Agreement and, as a result, we will be prohibited from repurchasing shares of AAG common stock and paying dividends on AAG common stock through the date that is one year after the secured loan provided under the Treasury Loan Agreement is fully repaid.

5. Revenue Recognition

Revenue

The following are the significant categories comprising our reported operating revenues (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Passenger revenue:				
Passenger travel	$ 2,407	$ 10,226	$ 10,491	$ 29,215
Loyalty revenue - travel [1]	133	769	837	2,448
Total passenger revenue	2,540	10,995	11,328	31,663
Cargo	207	208	484	647
Other:				
Loyalty revenue - marketing services	389	570	1,317	1,742
Other revenue	37	138	180	403
Total other revenue	426	708	1,497	2,145
Total operating revenues	$ 3,173	$ 11,911	$ 13,309	$ 34,455

[1] Loyalty revenue included in passenger revenue is principally comprised of mileage credit redemptions, which were earned from travel or co-branded credit card and other partners.

The following is our total passenger revenue by geographic region (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Domestic	$ 2,296	$ 7,814	$ 9,102	$ 23,048
Latin America	172	1,218	1,386	3,829
Atlantic	56	1,596	621	3,677
Pacific	16	367	219	1,109
Total passenger revenue	$ 2,540	$ 10,995	$ 11,328	$ 31,663

We attribute passenger revenue by geographic region based upon the origin and destination of each flight segment.

Contract Balances

Our significant contract liabilities are comprised of (1) outstanding loyalty program mileage credits that may be redeemed for future travel and other non-air travel awards, reported as loyalty program liability on the condensed consolidated balance sheets and (2) ticket sales for transportation that has not yet been provided, reported as air traffic liability on the condensed consolidated balance sheets.

	September 30, 2020	December 31, 2019
	(In millions)	
Loyalty program liability	$ 9,094	$ 8,615
Air traffic liability	4,903	4,808
Total	$ 13,997	$ 13,423

The balance of the loyalty program liability fluctuates based on seasonal patterns, which impact the volume of mileage credits issued through travel or sold to co-branded credit card and other partners (deferral of revenue) and mileage credits redeemed (recognition of revenue). Changes in loyalty program liability are as follows (in millions):

Balance at December 31, 2019	$	8,615
Deferral of revenue		1,456
Recognition of revenue [1]		(977)
Balance at September 30, 2020 [2]	$	9,094

[1] Principally relates to revenue recognized from the redemption of mileage credits for both air and non-air travel awards. Mileage credits are combined in one homogenous pool and are not separately identifiable. As such, the revenue is comprised of miles that were part of the loyalty program deferred revenue balance at the beginning of the period, as well as miles that were issued during the period.

[2] Mileage credits can be redeemed at any time and generally do not expire as long as that AAdvantage member has any type of qualifying activity at least every 18 months. In response to COVID-19, we suspended the expiration of mileage credits through December 31, 2020. As of September 30, 2020, our current loyalty program liability was $2.1 billion and represents our current estimate of revenue expected to be recognized in the next 12 months based on historical as well as projected trends, with the balance reflected in long-term loyalty program liability expected to be recognized as revenue in periods thereafter. Given the inherent uncertainty of the current operating environment due to COVID-19, we will continue to monitor redemption patterns and may adjust our estimates in the future.

The air traffic liability principally represents tickets sold for future travel on American and partner airlines, as well as estimated future refunds and exchanges of tickets sold for past travel. The balance in our air traffic liability also fluctuates with seasonal travel patterns. The contract duration of passenger tickets is generally one year. Accordingly, any revenue associated with tickets sold for future travel will be recognized within 12 months. For the nine months ended September 30, 2020, $2.8 billion of revenue was recognized in passenger revenue that was included in our air traffic liability at December 31, 2019. In response to COVID-19, we extended the contract duration for certain tickets to December 31, 2021, principally those with travel scheduled March 1, 2020 through December 31, 2020. As of September 30, 2020, the air traffic liability included approximately $2.5 billion of travel credits related to these unused tickets for travel prior to September 30, 2020. Accordingly, any revenue associated with these tickets will be recognized within the next 15 months. Given this change in contract duration and uncertainty surrounding the future demand for air travel, our estimates of revenue that will be recognized from the air traffic liability for future flown or unused tickets as well as our estimates of refunds may be subject to variability and differ from historical experience.

6. Debt

Long-term debt included in the condensed consolidated balance sheets consisted of (in millions):

	September 30, 2020	December 31, 2019
Secured		
2013 Term Loan Facility, variable interest rate of 1.89%, installments through 2025	$ 1,788	$ 1,807
2013 Revolving Facility, variable interest rate of 2.16%, due 2024	750	—
2014 Term Loan Facility, variable interest rate of 1.90%, installments through 2027	1,220	1,202
2014 Revolving Facility, variable interest rate of 2.16%, due 2024	1,643	—
April 2016 Term Loan Facility, variable interest rate of 2.15%, installments through 2023	960	970
April 2016 Revolving Facility, variable interest rate of 2.16%, due 2024	450	—
December 2016 Term Loan Facility, variable interest rate of 2.15%, installments through 2023	1,213	1,213
11.75% senior secured notes, interest only payments until due in July 2025	2,500	—
Treasury Term Loan Facility, variable interest rate of 3.73%, due June 2025	550	—
10.75% senior secured IP notes, interest only payments until due in February 2026	1,000	—
10.75% senior secured LGA/DCA notes, interest only payments until due in February 2026	200	—
Enhanced equipment trust certificates (EETCs), fixed interest rates ranging from 3.00% to 8.39%, averaging 3.99%, maturing from 2021 to 2032	11,146	11,933
Equipment loans and other notes payable, fixed and variable interest rates ranging from 1.33% to 5.83%, averaging 1.88%, maturing from 2020 to 2032	4,484	4,727
Special facility revenue bonds, fixed interest rates ranging from 5.00% to 8.00%, maturing from 2021 to 2036	1,064	754
	28,968	22,606
Unsecured		
PSP Promissory Note	1,765	—
6.50% convertible senior notes, interest only payments until due in July 2025	1,000	—
5.000% senior notes, interest only payments until due in June 2022	750	750
3.75% senior notes, interest only payments until due in March 2025	500	—
4.625% senior notes	—	500
	4,015	1,250
Total long-term debt	32,983	23,856
Less: Total unamortized debt discount, premium and issuance costs	780	211
Less: Current maturities	2,610	2,749
Long-term debt, net of current maturities	$ 29,593	$ 20,896

The table below shows the maximum availability under our credit facilities, as of September 30, 2020 (in millions):

Treasury Term Loan Facility	$	4,927
Other Short-term Revolving Facility		400
Total	$	5,327

Pursuant to the Treasury Loan Agreement (as defined below), at September 30, 2020, we had a $5.5 billion Treasury Term Loan Facility (as defined below) of which we have drawn $550 million. In addition, we have an undrawn $400 million short-term revolving credit facility we entered into in December 2019, which was set to expire at the end of December 2020 but which we have extended through the beginning of July 2021. The December 2016 Credit Facilities provide for a revolving credit facility that may be established thereunder in the future.

Secured financings are collateralized by assets, primarily aircraft, engines, simulators, aircraft spare parts, airport gate leasehold rights, route authorities, airport slots and certain pre-delivery payments, as well as certain intellectual property and loyalty program assets.

2020 Financing Activities

2014 Credit Facilities

In January 2020, American and AAG entered into the eighth amendment to the Amended and Restated Credit and Guaranty Agreement, amending the Amended and Restated Credit and Guaranty Agreement dated as of April 20, 2015 (as previously amended, the 2014 Credit Agreement; the revolving credit facility established thereunder, the 2014 Revolving Facility; the term loan facility established thereunder, the 2014 Term Loan Facility; and collectively, the 2014 Credit Facilities), pursuant to which American refinanced the 2014 Term Loan Facility, increasing the total aggregate principal amount outstanding to $1.2 billion, reducing the LIBOR margin from 2.00% to 1.75%, with a LIBOR floor of 0%, and reducing the base rate margin from 1.00% to 0.75%. In addition, the maturity date for the 2014 Term Loan Facility was extended to January 2027 from October 2021.

In April and May 2020, American borrowed $1.6 billion under the 2014 Revolving Facility. The 2014 Revolving Facility bears interest at LIBOR plus a margin of 2.00% and has a final maturity date of October 2024. Following the April and May draws, American had no remaining borrowing capacity available under the 2014 Revolving Facility.

2013 Revolving Facility and April 2016 Revolving Facility

In April 2020, American borrowed $750 million under the 2013 Revolving Facility. The 2013 Revolving Facility bears interest at LIBOR plus a margin of 2.00% and has a final maturity date of October 2024. Following the April draw, American had no remaining borrowing capacity available under the 2013 Revolving Facility.

In April 2020, American borrowed $450 million under the April 2016 Revolving Facility. The April 2016 Revolving Facility bears interest at LIBOR plus a margin of 2.00% and has a final maturity date of October 2024. Following the April draw, American had no remaining borrowing capacity available under the April 2016 Revolving Facility.

Delayed Draw Term Loan Credit Facility

In March 2020, American and AAG entered into a Credit and Guaranty Agreement which provided for a $1.0 billion senior secured delayed draw term loan credit facility (the Delayed Draw Term Loan Credit Facility), which was scheduled to be due and payable in a single installment on the maturity date in March 2021. In connection with the issuance of the 11.75% senior secured notes due 2025, as described below, the Delayed Draw Term Loan Credit Facility was repaid and the Delayed Draw Term Loan Credit Facility and all of the security documents and other loan documents related thereto were terminated as of June 30, 2020.

11.75% Senior Secured Notes

In June 2020, American issued $2.5 billion aggregate principal amount of 11.75% senior secured notes due 2025 (the 11.75% Senior Secured Notes) at a price equal to 99% of their aggregate principal amount. The 11.75% Senior Secured Notes bear interest at a rate of 11.75% per annum (subject to increase if a certain collateral coverage ratio is not met). Interest on the 11.75% Senior Secured Notes is payable semiannually in arrears on January 15 and July 15 of each year, beginning on January 15, 2021. The 11.75% Senior Secured Notes will mature on July 15, 2025. The obligations of American under the 11.75% Senior Secured Notes are fully and unconditionally guaranteed on a senior unsecured basis by AAG. The proceeds from the 11.75% Senior Secured Notes were used to repay and terminate the Delayed Draw Term

Loan Credit Facility (and to terminate all security documents and all other loan documents related thereto) with the remaining amount for general corporate purposes and to enhance our liquidity position.

American may redeem the 11.75% Senior Secured Notes, in whole at any time or in part from time to time, at a redemption price equal to 100% of the principal amount of the notes being redeemed plus a make whole premium, together with accrued and unpaid interest, if any, to (but not including) the redemption date.

The 11.75% Senior Secured Notes are American's senior secured obligations. Subject to certain limitations and exceptions, the 11.75% Senior Secured Notes are secured on a first-lien basis by security interests in certain assets, rights and properties utilized by American in providing its scheduled air carrier services to and from certain airports in the United States and certain airports in Australia, Canada, the Caribbean, Central America, China, Hong Kong, Japan, Mexico, South Korea, and Switzerland. American's obligations with respect to the 11.75% Senior Secured Notes are also secured on a second-lien basis by security interests in certain assets, rights and properties utilized by American in providing its scheduled air carrier services to and from certain airports in the United States and certain airports in the European Union and the United Kingdom. American may be required to pledge additional collateral in the future under the terms of the 11.75% Senior Secured Notes, and in certain circumstances may elect to pledge additional collateral as a replacement for existing collateral. The collateral that secures the 11.75% Senior Secured Notes on a second-lien basis presently secures the 2014 Credit Facilities, on a first-lien basis.

Special Facility Revenue Bonds

In January 2020, American and British Airways announced the start of construction on a $344 million investment to upgrade New York's John F. Kennedy International Airport (JFK) Terminal 8.

In June 2020, the New York Transportation Development Corporation (NYTDC) issued approximately $360 million of special facility revenue bonds (the 2020 JFK Bonds) on behalf of American. A portion of the net proceeds from the 2020 JFK Bonds have been or will be used to fund costs of issuance of the 2020 JFK Bonds, to fund a substantial portion of the cost of the renovation and expansion of a passenger terminal facility (the Terminal) leased and utilized by American at JFK and to fund the August 2020 maturity of the outstanding bonds issued by NYTDC on behalf of American in 2016 (the 2016 JFK Bonds).

American is required to pay debt service on the 2020 JFK Bonds through payments under a loan agreement with NYTDC (as amended), and American and AAG guarantee the 2020 JFK Bonds. American continues to pay debt service on the outstanding 2016 JFK Bonds and American and AAG continue to guarantee the 2016 JFK Bonds. American's and AAG's obligations under these guarantees are secured by a leasehold mortgage on American's lease of the Terminal and related property from the Port Authority of New York and New Jersey.

The 2020 JFK Bonds, in aggregate, were priced at approximately 98% of par value. The gross proceeds from the issuance of the 2020 JFK Bonds were approximately $353 million. Of this amount, approximately $8 million was used to fund the costs of issuance of the 2020 JFK Bonds, approximately $47 million was used to fund the redemption of the 2016 JFK Bonds due August 2020 and approximately $17 million was reimbursed to American for the Terminal construction costs incurred, with the remaining amount of proceeds received to be held in restricted cash and short-term investments on the condensed consolidated balance sheet and to be used to finance a substantial portion of the cost of the renovation and expansion of the Terminal. The 2020 JFK Bonds are comprised of term bonds, $214 million of which bear interest at 5.25% per annum and mature on August 1, 2031, and $146 million of which bear interest at 5.375% per annum and mature on August 1, 2036.

PSP Promissory Note

In April 2020, as partial compensation to the U.S. Government for the provision of financial assistance under the PSP Agreement, we issued the PSP Promissory Note to Treasury, which provides for our unconditional promise to pay to Treasury 30% of the total amount of financial assistance disbursed under the PSP Agreement, and the guarantee of our obligations by the Guarantors. The total financial assistance we received pursuant to the PSP Agreement is approximately $6.0 billion. As of September 30, 2020, the principal amount of the PSP Promissory Note was approximately $1.8 billion.

The PSP Promissory Note bears interest on the outstanding principal amount at a rate equal to 1.00% per annum until the fifth anniversary of the PSP Closing Date and 2.00% plus an interest rate based on the secured overnight financing rate per annum or other benchmark replacement rate consistent with customary market conventions (but not to be less than 0.00%) thereafter until the tenth anniversary of the PSP Closing Date (the PSP Maturity Date), and interest accrued thereon will be payable in arrears on the last business day of March and September of each year, beginning on

September 30, 2020. The aggregate principal amount outstanding under the PSP Promissory Note, together with all accrued and unpaid interest thereon and all other amounts payable under the PSP Promissory Note, will be due and payable on the PSP Maturity Date.

We may, at any time and from time to time, voluntarily prepay amounts outstanding under the PSP Promissory Note, in whole or in part, without penalty or premium. Within 30 days of the occurrence of certain change of control triggering events, we are required to prepay the aggregate outstanding principal amount of the PSP Promissory Note at such time, together with any accrued interest or other amounts owing under the PSP Promissory Note at such time.

The PSP Promissory Note is our senior unsecured obligation and each guarantee of the PSP Promissory Note is the senior unsecured obligation of each of the Guarantors, respectively.

The PSP Promissory Note contains events of default, including cross-default with respect to acceleration or failure to pay at maturity other material indebtedness. Upon the occurrence of an event of default and subject to certain grace periods, the outstanding obligations under the PSP Promissory Note may, and in certain circumstances will automatically, be accelerated and become due and payable immediately.

6.50% Convertible Senior Notes

In June 2020, AAG completed the public offering of $1.0 billion aggregate principal amount of AAG’s 6.50% convertible senior notes due 2025 (the Convertible Notes). The Convertible Notes are fully and unconditionally guaranteed by American (the Convertible Notes Guarantee). The net proceeds to us from the Convertible Notes were approximately $970 million, after deducting the underwriters’ discounts and commissions and our estimated offering expenses. The net proceeds from the Convertible Notes are being used for general corporate purposes and to enhance our liquidity position.

The Convertible Notes were issued pursuant to an indenture, dated as of June 25, 2020 (the Base Indenture), between AAG and Wilmington Trust, National Association as trustee (the Convertible Notes Trustee), as supplemented by that certain first supplemental indenture, dated as of June 25, 2020, among AAG, American and the Convertible Notes Trustee (the Convertible Notes Supplemental Indenture and, together with the Base Indenture, the Convertible Notes Indenture). The Convertible Notes bear interest at a rate of 6.50% per annum. Interest on the Convertible Notes is payable semiannually in arrears on January 1 and July 1 of each year, beginning on January 1, 2021. The Convertible Notes will mature on July 1, 2025, unless earlier converted or redeemed or repurchased by us.

The Convertible Notes were priced to investors in the offering at 100% of their principal amount. The Convertible Notes and the Convertible Notes Guarantee will rank pari passu in right of payment with all of AAG’s and American's respective existing and future senior indebtedness and senior in right of payment to all of AAG’s and American's respective future subordinated indebtedness. The Convertible Notes and the Convertible Notes Guarantee will be effectively subordinated to all of AAG's and American's respective existing and future secured indebtedness to the extent of the value of the assets pledged to secure those obligations. The Convertible Notes will also be structurally subordinated to all existing and future indebtedness of AAG’s non-guarantor subsidiaries.

Upon conversion, AAG will pay or deliver, as the case may be, cash, shares of AAG common stock or a combination of cash and shares of AAG common stock, at AAG’s election. The initial conversion rate is 61.7284 shares of AAG common stock per $1,000 principal amount of Convertible Notes (equivalent to an initial conversion price of approximately $16.20 per share of AAG common stock). The conversion rate is subject to adjustment in some events as described in the Convertible Notes Indenture.

Holders may convert their Convertible Notes at their option only in the following circumstances: (1) during any calendar quarter (and only during such calendar quarter) commencing after the calendar quarter ending on September 30, 2020, if the last reported sale price per share of AAG common stock exceeds 130% of the conversion price for each of at least 20 trading days (whether or not consecutive) during the 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding calendar quarter; (2) during the five consecutive business days immediately after any 10 consecutive trading day period (such 10 consecutive trading day period, the measurement period) in which the trading price per $1,000 principal amount of Convertible Notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price per share of AAG common stock on such trading day and the conversion rate on such trading day; (3) upon the occurrence of certain corporate events or distributions on AAG common stock; (4) if AAG calls such Convertible Notes for redemption; and (5) at any time from, and including, April 1, 2025 until the close of business on the scheduled trading day immediately before the maturity date of the Convertible Notes.

In addition, following certain corporate events that occur prior to the maturity date or upon AAG's issuance of a notice of redemption, AAG will increase the conversion rate for a holder who elects to convert its Convertible Notes in connection with such corporate event or during the related redemption period in certain circumstances by a specified number of shares of AAG common stock as described in the Convertible Notes Indenture.

AAG will not have the right to redeem the Convertible Notes prior to July 5, 2023. On or after July 5, 2023 and on or before the 20th scheduled trading day immediately before the maturity date, AAG may redeem the Convertible Notes, in whole or in part, if the last reported sale price of AAG common stock has been at least 130% of the conversion price then in effect on (1) each of at least 20 trading days (whether or not consecutive) during the 30 consecutive trading days ending on, and including, the trading day immediately before the date AAG sends the related redemption notice; and (2) the trading day immediately before the date AAG sends such notice. In the case of any optional redemption, AAG will redeem the Convertible Notes at a redemption price equal to 100% of the principal amount of such Convertible Notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date.

If AAG undergoes a fundamental change described in the Convertible Notes Indenture prior to the maturity date of the Convertible Notes, except as described in the Convertible Notes Indenture, holders of the Convertible Notes may require AAG to repurchase for cash all or part of their Convertible Notes at a repurchase price equal to 100% of the principal amount of the Convertible Notes to be repurchased, plus accrued and unpaid interest to, but excluding, the fundamental change repurchase date.

The Convertible Notes Indenture provides for customary terms and covenants, including that upon certain events of default, either the Convertible Notes Trustee or the holders of not less than 25% in aggregate principal amount of the Convertible Notes then outstanding may declare the unpaid principal amount of the Convertible Notes and accrued and unpaid interest, if any, thereon immediately due and payable. In the case of certain events of bankruptcy, insolvency or reorganization, the principal amount of the Convertible Notes together with accrued and unpaid interest, if any, thereon will automatically become and be immediately due and payable.

As the Convertible Notes can be settled in cash upon conversion, for accounting purposes, the Convertible Notes were bifurcated into a debt component that was recorded at fair value and an equity component. The following table details the debt and equity components recognized related to the Convertible Notes as of September 30, 2020 (in millions):

	September 30, 2020
Principal amount of 6.50% convertible senior notes	$ 1,000
Unamortized debt discount	(430)
Net carrying amount of 6.50% convertible senior notes	570
Additional paid-in capital	415

The effective interest rate on the liability component for the third quarter of 2020 approximated 20%. We recognized $30 million of interest expense in the third quarter of 2020 including $14 million of non-cash amortization of the debt discount as well as $16 million of contractual coupon interest. The remaining period over which the unamortized debt discount will be recognized as non-cash interest expense is five years as follows: $13 million in 2020, $63 million in 2021, $77 million in 2022, $95 million in 2023, $116 million in 2024 and $66 million in 2025.

At September 30, 2020, the if-converted value of the Convertible Notes did not exceed the principal amount.

Treasury Loan Agreement

On September 25, 2020, American and AAG entered into a Loan and Guarantee Agreement (the Treasury Loan Agreement) with Treasury which provides for a secured term loan facility (the Treasury Term Loan Facility) that permitted American to borrow up to $5.5 billion. Subsequently, on October 21, 2020, American and AAG entered into an amendment to the Treasury Loan Agreement that permits American to borrow up to $7.5 billion.

As of September 30, 2020, American borrowed $550 million under the Treasury Term Loan Facility and may, at its option, borrow additional amounts in up to two subsequent borrowings until March 26, 2021. The proceeds from the Treasury Term Loan Facility will be used for certain general corporate purposes and operating expenses in accordance with the terms and conditions of the Treasury Loan Agreement and the applicable provisions of the CARES Act.

The Treasury Term Loan Facility will bear interest at a variable rate per annum equal to (a)(i) the LIBOR rate divided by (ii) one minus the Eurodollar Reserve Percentage plus (b) 3.50%. Accrued interest on the loans will be payable in arrears on the first business day following the 14th day of each March, June, September and December, beginning with September 15, 2021, and on June 30, 2025 (the Treasury Term Loan Maturity Date). As of September 30, 2020, the applicable interest rate for the $550 million loan drawn under the Treasury Term Loan Facility will be 3.73% per annum through September 15, 2021 at which time the interest rate will reset.

All advances under the Treasury Term Loan Facility will be in the form of term loans, all of which will mature and be due and payable in a single installment on the Treasury Term Loan Maturity Date. American may, at any time and from time to time, voluntarily prepay amounts outstanding under the Treasury Loan Agreement, in whole or in part, without penalty or premium. Amounts prepaid may not be reborrowed. Mandatory prepayments of loans under the Treasury Term Loan Facility are required, without penalty or premium, to the extent necessary to comply with American's covenants regarding the expiry of certain agreements constituting Treasury Collateral (as defined below), the debt service coverage ratio, certain dispositions of Treasury Collateral, certain debt issuances secured by liens on the Treasury Collateral and certain indemnity, termination, liquidated damages or insurance payments related to the Treasury Collateral, in addition to the occurrence of a change in control of AAG.

American's obligations under the Treasury Loan Agreement are secured by a first priority security interest on American's rights under U.S. co-branded credit card agreements and certain other loyalty program partner participation agreements (including rights to receive cash flows thereunder), documents, deposit accounts, securities accounts, books and records and intellectual property related to American's AAdvantage loyalty program and all proceeds, accessions, rents or profits related to the foregoing (collectively, the Treasury Collateral). American is permitted under the Treasury Loan Agreement to add certain types of assets to the Treasury Collateral and, subject to certain conditions, release Treasury Collateral, in each case from time to time at its discretion.

The Treasury Loan Agreement requires American, under certain circumstances, including within 10 business days prior to the last business day of March and September of each year, beginning March 2021, to appraise the value of the Treasury Collateral and recalculate the collateral coverage ratio. If the calculated collateral coverage ratio is less than 1.6 to 1.0, American will be required either to provide additional Treasury Collateral (which may include cash collateral) to secure its obligations under the Treasury Loan Agreement or repay the term loans under the Treasury Term Loan Facility, in such amounts that the recalculated collateral coverage ratio, after giving effect to any such additional Treasury Collateral or repayment, is at least 1.6 to 1.0. Based on the appraisal American submitted in connection with the execution of the Treasury Loan Agreement, the appraised value of the Treasury Collateral is presently significantly in excess of the 2.0 to 1.0 collateral coverage ratio necessary to access the amount under the Treasury Term Loan Facility, including any contemplated increase.

The Treasury Loan Agreement also requires American to calculate the debt service coverage ratio on a quarterly basis. If the calculated debt service coverage ratio is less than 1.75 to 1.00, then AAG and its subsidiaries will be required to place an amount equal to at least 50% of certain revenues received from the AAdvantage loyalty program (the Loyalty Program Revenues) into a blocked account to be held for the benefit of the lenders who may choose to use such funds to prepay the outstanding term loans until the debt service coverage ratio is recalculated to be greater than or equal to 1.75 to 1.00. If the calculated debt service coverage ratio is less than or equal to 1.50 to 1.00, but greater than 1.25 to 1.00, then all amounts previously deposited into the blocked account will be used to prepay outstanding term loans and an amount equal to at least 50% of all future Loyalty Program Revenues will be transferred into the payment account and used to prepay outstanding term loans until the debt service coverage ratio is recalculated to be greater than 1.50 to 1.00. If the calculated debt service coverage ratio is less than or equal to 1.25 to 1.00, then all amounts previously deposited into the blocked account will be used to prepay outstanding term loans and an amount equal to at least 75% of all future Loyalty Program Revenues will be transferred into the payment account and used to prepay outstanding term loans until the debt service coverage ratio is recalculated to be greater than 1.25 to 1.00.

The Treasury Loan Agreement also includes affirmative, negative and financial covenants that, among other things, limit AAG's ability to pay dividends, repurchase common stock of AAG or make certain other payments, make certain investments, incur liens on the Treasury Collateral, dispose of the Treasury Collateral, amend material AAdvantage loyalty program agreements, enter into certain affiliate transactions and engage in certain business activities, in each case subject to certain exceptions. In addition, under the Treasury Loan Agreement, AAG must maintain a minimum aggregate liquidity of $2.0 billion.

The Treasury Loan Agreement requires AAG and American to comply with the relevant provisions of the CARES Act, including, but not limited to, the provisions that prohibit the repurchase of AAG’s common stock, the payment of common

stock dividends and those that restrict the payment of certain executive compensation, in each case, through the date that is 12 months after the date on which all amounts of loan outstanding under the Treasury Term Loan Facility have been repaid in full.

The Treasury Loan Agreement contains events of default, including cross-default with respect to acceleration or failure to pay at maturity other material indebtedness. Upon the occurrence of an event of default and subject to certain grace periods, the outstanding obligations under the Treasury Loan Agreement may be accelerated and become due and payable immediately.

10.75% Senior Secured Notes

On September 25, 2020 (the 10.75% Senior Secured Notes Closing Date), American completed its previously announced sale of $1.0 billion in initial principal amount of PIK senior secured IP notes (the IP Notes) and $200 million in initial principal amount of PIK senior secured notes (the LGA/DCA Notes and together with the IP Notes, the 10.75% Senior Secured Notes). The obligations of American under the 10.75% Senior Secured Notes are fully and unconditionally guaranteed (the 10.75% Senior Secured Notes Guarantees) on a senior unsecured basis by AAG. The 10.75% Senior Secured Notes bear interest at a rate of 10.75% per annum in cash. For any interest period on or prior to September 1, 2022, American may, at its election, pay interest at a rate of 12.00% per annum payable one-half in cash and one-half in kind.

American expects to use the proceeds from the 10.75% Senior Secured Notes to pay transaction-related fees and expenses and for general corporate purposes.

The 10.75% Senior Secured Notes were each issued pursuant to a separate indenture, dated as of September 25, 2020 (individually, the IP Notes Indenture and the LGA/DCA Notes Indenture and collectively, the 10.75% Senior Secured Notes Indentures), by and among American, AAG and Wilmington Trust, National Association, as trustee and as collateral trustee (the 10.75% Senior Secured Notes Trustee). The IP Notes are secured by a first lien security interest on certain intellectual property of American, including the “American Airlines” trademark and the “aa.com” domain name in the United States and certain foreign jurisdictions (the IP Collateral), and a second lien on certain slots related to American’s operations at New York LaGuardia and Ronald Reagan Washington National airports and certain other assets (the LGA/DCA Collateral and together with the IP Collateral, the 10.75% Senior Secured Notes Collateral). Subject to certain conditions, American will be permitted to incur up to $4.0 billion of additional pari passu debt and unlimited second lien debt secured by the IP Collateral securing the IP Notes. The LGA/DCA Notes are secured by a first lien security interest in the LGA/DCA Collateral. American may be required to pledge additional collateral in the future under the terms of the 10.75% Senior Secured Notes, and in certain circumstances may elect to pledge additional collateral including as a replacement for existing collateral. The LGA/DCA Collateral presently secures (and will continue to secure), on a first-lien basis the December 2016 Credit Facilities.

Interest on the 10.75% Senior Secured Notes is payable semiannually in arrears on September 1 and March 1 of each year, beginning on March 1, 2021. The 10.75% Senior Secured Notes will mature on February 15, 2026.

On or prior to the fourth anniversary of the 10.75% Senior Secured Notes Closing Date, American may redeem all or any part of the 10.75% Senior Secured Notes, at its option, at a redemption price equal to 100% of the principal amount of the 10.75% Senior Secured Notes redeemed plus a make whole premium, together with accrued and unpaid interest. After the fourth anniversary of the 10.75% Senior Secured Notes Closing Date and on or prior to the fifth anniversary of the 10.75% Senior Secured Notes Closing Date, American may redeem all or any part of the 10.75% Senior Secured Notes, at its option, at a redemption price equal to 105.375% of the principal amount of the 10.75% Senior Secured Notes redeemed, together with accrued and unpaid interest. After the fifth anniversary of the 10.75% Senior Secured Notes Closing Date, American may redeem all or any part of the 10.75% Senior Secured Notes, at its option, at par, together with accrued and unpaid interest.

In the event of a specified change of control, each holder of 10.75% Senior Secured Notes may require American to repurchase its 10.75% Senior Secured Notes, in whole or in part, at a repurchase price of 101% of the aggregate principal amount of the 10.75% Senior Secured Notes so repurchased, plus accrued and unpaid interest, if any, to (but not including) the repurchase date.

The 10.75% Senior Secured Notes Indentures contain covenants that, among other things, restrict the ability of AAG and the ability of its restricted subsidiaries (including American) to: (i) pay dividends, redeem or repurchase stock or make other distributions or restricted payments, (ii) incur liens on the 10.75% Senior Secured Notes Collateral and dispose of or release the 10.75% Senior Secured Notes Collateral, (iii) repay subordinated indebtedness, (iv) make certain loans and

investments, (v) incur indebtedness or issue preferred stock, (vi) merge, consolidate or sell assets, and (vii) designate subsidiaries as unrestricted. These covenants are subject to a number of important exceptions and qualifications set forth in the 10.75% Senior Secured Notes Indentures.

Upon the occurrence of any event of default (other than certain bankruptcy or insolvency or reorganization events affecting AAG or certain of its subsidiaries, including American), the 10.75% Senior Secured Notes may be declared to be due and payable immediately. Upon the occurrence of certain bankruptcy, insolvency or reorganization events affecting AAG or certain of its subsidiaries (including American), all outstanding 10.75% Senior Secured Notes will become due and payable immediately without further action or notice on the part of the 10.75% Senior Secured Notes Trustee or any holder of the 10.75% Senior Secured Notes.

2019-1 Aircraft EETCs

In August 2019, American created three pass-through trusts which issued approximately $1.1 billion aggregate face amount of Series 2019-1 Class AA, Class A and Class B EETCs (the 2019-1 Aircraft EETCs) in connection with the financing of 35 aircraft previously delivered or scheduled to be delivered to American through September 2020 (the 2019-1 Aircraft). In 2019, $804 million of the proceeds had been used to purchase equipment notes issued by American in connection with the financing of 28 aircraft under the 2019-1 Aircraft EETCs, of which $608 million was used to repay existing indebtedness. During the third quarter of 2020, $126 million of the proceeds had been used to purchase equipment notes issued by American in connection with the financing of three aircraft under the 2019-1 Aircraft EETCs. Interest and principal payments on equipment notes issued in connection with the 2019-1 Aircraft EETCs are payable semiannually in February and August of each year, which interest payments began in February 2020 and which principal payments began or are scheduled to begin (i) in the case of equipment notes with respect to any 2019-1 Aircraft owned by American at the time of issuance of the 2019-1 Aircraft EETCs, in February 2020 and (ii) in the case of equipment notes with respect to the Embraer E175 aircraft and the Airbus A321neo aircraft scheduled to be delivered after the issuance of the 2019-1 Aircraft EETCs, in August 2020 and August 2021, respectively. The remaining proceeds of approximately $168 million as of September 30, 2020 were being held in escrow with a depositary for the benefit of the holders of the 2019-1 Aircraft EETCs until such time as American issues additional equipment notes with respect to the remaining 2019-1 Aircraft to the pass-through trusts, which will purchase such additional equipment notes with the escrowed funds. These escrowed funds are not guaranteed by American and are not reported as debt on its condensed consolidated balance sheet because the proceeds held by the depositary for the benefit of the holders of the 2019-1 Aircraft EETCs are not American's assets.

Certain information regarding the 2019-1 Aircraft EETC equipment notes and remaining escrowed proceeds, as of September 30, 2020, is set forth in the table below.

	2019-1 Aircraft EETCs		
	Series AA	Series A	Series B
Aggregate principal issued	$579	$289	$229
Remaining escrowed proceeds	$89	$44	$35
Fixed interest rate per annum	3.15%	3.50%	3.85%
Maturity date	February 2032	February 2032	February 2028

3.75% Senior Notes

In February 2020, AAG issued $500 million aggregate principal amount of 3.75% senior notes due 2025 (the 3.75% Senior Notes). These notes bear interest at a rate of 3.75% per annum, payable semiannually in arrears in March and September of each year, beginning in September 2020. The 3.75% Senior Notes are senior unsecured obligations of AAG and are fully and unconditionally guaranteed by American. The 3.75% Senior Notes mature in March 2025.

Equipment Notes and Other Notes Payable Issued in 2020

In the nine months ended September 30, 2020, American entered into agreements under which it borrowed $197 million in connection with the financing or refinancing, as the case may be, of certain aircraft, of which $17 million was used to repay existing indebtedness. Debt incurred under these agreements matures in 2029 through 2032 and bears interest at variable rates (comprised of LIBOR plus an applicable margin) averaging 1.88% at September 30, 2020.

7. Income Taxes

At December 31, 2019, we had approximately $9.1 billion of federal net operating losses (NOLs) carried over from prior taxable years (NOL Carryforwards) to reduce future federal taxable income. The federal NOL Carryforwards will expire beginning in 2023 if unused. We also had approximately $3.0 billion of NOL Carryforwards to reduce future state taxable income at December 31, 2019, which will expire in years 2020 through 2039 if unused. Our ability to use our NOL Carryforwards depends on the amount of taxable income generated in future periods. We presently do not have a valuation allowance on our net deferred tax assets. There can be no assurance that a valuation allowance on our net deferred tax assets will not be required in the future. Such valuation allowance could be material.

At December 31, 2019, we had an Alternative Minimum Tax (AMT) credit carryforward of approximately $170 million available for federal income tax purposes, which was fully refunded as of September 30, 2020 as a result of the CARES Act enacted in March of 2020.

During the three and nine months ended September 30, 2020, we recorded an income tax benefit of $696 million and $1.9 billion, respectively.

8. Fair Value Measurements and Other Investments

Assets Measured at Fair Value on a Recurring Basis

We utilize the market approach to measure the fair value of 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 nine months ended September 30, 2020.

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

	Fair Value Measurements as of September 30, 2020			
	Total	Level 1	Level 2	Level 3
Short-term investments [1], [2]:				
Money market funds	$ 2,828	$ 2,828	$ —	$ —
Corporate obligations	2,454	—	2,454	—
Bank notes/certificates of deposit/time deposits	1,974	—	1,974	—
Repurchase agreements	775	—	775	—
	8,031	2,828	5,203	—
Restricted cash and short-term investments [1], [4]	508	385	123	—
Long-term investments [3]	146	146	—	—
Total	$ 8,685	$ 3,359	$ 5,326	$ —

(1) All short-term investments are classified as available-for-sale and stated at fair value. Unrealized gains and losses are recorded in accumulated other comprehensive loss at each reporting period. There were no credit losses.

(2) Our short-term investments mature in one year or less except for $286 million of bank notes/certificates of deposit/time deposits and $70 million of corporate obligations.

(3) Long-term investments primarily include our equity investment in China Southern Airlines, in which we presently own a 1.8% equity interest, and are classified in other assets on the condensed consolidated balance sheet.

(4) Restricted cash and short-term investments primarily includes money market funds to be used to finance a substantial portion of the cost of the renovation and expansion of Terminal 8 at JFK and collateral held to support workers' compensation obligations.

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 except for $2.3 billion which would have been classified as Level 3 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):

	September 30, 2020		December 31, 2019	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Long-term debt, including current maturities	$ 32,203	$ 28,047	$ 23,645	$ 24,508

9. Employee Benefit Plans

The following table provides the components of net periodic benefit cost (income) (in millions):

	Pension Benefits		Retiree Medical and Other Postretirement Benefits	
Three Months Ended September 30,	2020	2019	2020	2019
Service cost	$ 1	$ 1	$ 2	$ 1
Interest cost	154	175	8	9
Expected return on assets	(253)	(204)	(3)	(4)
Special termination benefits	—	—	410	—
Settlements	—	—	—	—
Amortization of:				
Prior service cost (benefit)	7	7	(33)	(59)
Unrecognized net loss (gain)	41	37	(5)	(8)
Net periodic benefit cost (income)	$ (50)	$ 16	$ 379	$ (61)

	Pension Benefits		Retiree Medical and Other Postretirement Benefits	
Nine Months Ended September 30,	2020	2019	2020	2019
Service cost	$ 3	$ 2	$ 5	$ 3
Interest cost	461	527	22	26
Expected return on assets	(757)	(611)	(9)	(12)
Special termination benefits	—	—	410	—
Settlements	4	—	—	—
Amortization of:				
Prior service cost (benefit)	21	21	(139)	(177)
Unrecognized net loss (gain)	124	113	(17)	(24)
Net periodic benefit cost (income)	$ (144)	$ 52	$ 272	$ (184)

Effective November 1, 2012, substantially all of our defined benefit pension plans were frozen.

The service cost component of net periodic benefit cost (income) is included in operating expenses, the cost for the special termination benefits is included in special items, net and the other components of net periodic benefit cost (income) are included in nonoperating other income (expense), net in the condensed consolidated statements of operations.

During the third quarter of 2020, we remeasured our retiree medical and other postretirement benefits to account for enhanced healthcare benefits provided to eligible team members who opted in to voluntary early retirement programs offered as a result of reductions to our operation due to COVID-19. For the three months ended September 30, 2020, we recognized a $410 million special charge for these enhanced healthcare benefits and increased our postretirement benefits obligation by $410 million as of September 30, 2020.

Pursuant to the CARES Act, minimum required pension contributions to be made in the calendar year 2020 can be deferred to January 1, 2021, with interest accruing from the original due date to the new payment date. We expect to defer our $133 million 2020 minimum required contributions to January 1, 2021, which we intend to pay or otherwise satisfy on or prior to December 31, 2020.

10. Accumulated Other Comprehensive Loss

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

	Pension, Retiree Medical and Other Postretirement Benefits	Unrealized Loss on Investments	Income Tax Benefit (Provision) [1]	Total
Balance at December 31, 2019	$ (5,238)	$ (2)	$ (1,091)	$ (6,331)
Other comprehensive income (loss) before reclassifications	(180)	—	41	(139)
Amounts reclassified from AOCI	(7)	—	1 [2]	(6)
Net current-period other comprehensive income (loss)	(187)	—	42	(145)
Balance at September 30, 2020	$ (5,425)	$ (2)	$ (1,049)	$ (6,476)

[1] Relates principally to pension, retiree medical and other postretirement benefits obligations that will not be recognized in net income (loss) 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 (benefit) on the condensed consolidated statement of operations.

Reclassifications out of AOCI are as follows (in millions):

	Amounts reclassified from AOCI				
	Three Months Ended September 30,		Nine Months Ended September 30,		Affected line items on the condensed consolidated statements of operations
AOCI Components	2020	2019	2020	2019	
Amortization of pension, retiree medical and other postretirement benefits:					
Prior service benefit	$ (20)	$ (40)	$ (91)	$ (121)	Nonoperating other income (expense), net
Actuarial loss	28	22	85	69	Nonoperating other income (expense), net
Total reclassifications for the period, net of tax	$ 8	$ (18)	$ (6)	$ (52)	

11. Regional Expenses

Expenses associated with American Eagle operations are classified as regional expenses on the condensed consolidated statements of operations. Regional expenses consist of the following (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Aircraft fuel and related taxes	$ 158	$ 485	$ 638	$ 1,395
Salaries, wages and benefits	379	461	1,218	1,310
Capacity purchases from third-party regional carriers [1]	233	354	765	1,046
Maintenance, materials and repairs	72	108	244	303
Other rent and landing fees	112	167	369	495
Aircraft rent	3	8	11	23
Selling expenses	27	102	121	299
Depreciation and amortization	79	84	247	246
Special items, net	(224)	6	(309)	6
Other	75	158	334	459
Total regional expenses	$ 914	$ 1,933	$ 3,638	$ 5,582

(1) During the three months ended September 30, 2020 and 2019, we recognized $102 million and $150 million, respectively, of expense under our capacity purchase agreement with Republic Airways Inc. (Republic). During the nine months ended September 30, 2020 and 2019, we recognized $313 million and $442 million, respectively, of expense under our capacity purchase agreement with Republic. We hold a 25% equity interest in Republic Airways Holdings Inc., the parent company of Republic.

12. Legal Proceedings

Chapter 11 Cases. On November 29, 2011, AMR Corporation (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 acquisition of US Airways Group, Inc. by AMR (the Merger).

Pursuant to rulings of the Bankruptcy Court, the Plan established a disputed claims reserve (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. The shares of AAG common stock issued to the Disputed Claims Reserve were originally issued on December 13, 2013 and have at all times since been included in the number of shares issued and outstanding as reported from time to time in our quarterly and annual reports, including for calculating earnings per common share. As disputed claims are resolved, the claimants receive distributions of shares from the Disputed Claims Reserve. We are not required to distribute additional shares above the limits contemplated by the Plan, even if the shares remaining for distribution in the Disputed Claims Reserve are not sufficient to fully pay any additional allowed unsecured claims. If 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 and former convertible noteholders treated as stockholders under the Plan. In February 2020, 2.2 million shares of AAG common stock were distributed from the Disputed Claims Reserve. After giving effect to this distribution, as of September 30, 2020, the Disputed Claims Reserve held 4.8 million shares of AAG common stock.

Private Party Antitrust Action Related to Passenger Capacity. We, along with Delta Air Lines, Inc., Southwest Airlines Co., United Airlines, Inc. and, in the case of litigation filed in Canada, Air Canada, were named as defendants in approximately 100 putative class action lawsuits alleging unlawful agreements with respect to air passenger capacity. The U.S. lawsuits were consolidated in the Federal District Court for the District of Columbia (the DC Court). On June 15, 2018, we reached a settlement agreement with the plaintiffs in the amount of $45 million to resolve all class claims in the U.S. lawsuits. That settlement was approved by the DC Court on May 13, 2019, however three parties who objected to the settlement have appealed that decision to the United States Court of Appeals for the District of Columbia. We believe these appeals are without merit and intend to vigorously defend against them.

Private Party Antitrust Action Related to the Merger. On August 6, 2013, a lawsuit captioned Carolyn Fjord, et al., v. AMR Corporation, et al., was filed in the Bankruptcy Court. The complaint named as defendants US Airways Group, Inc., US Airways, Inc., AMR and American, 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 November 27, 2013, the Bankruptcy Court denied plaintiffs' motion to preliminarily enjoin the Merger. On August 29, 2018, the Bankruptcy Court denied in part defendants' motion for summary judgment, and fully denied plaintiffs' cross-motion for summary judgment. The parties' evidentiary cases were presented before the Bankruptcy Court in a bench trial in March 2019. The parties submitted proposed findings of fact and conclusions of law and made closing arguments in April 2019, and we are awaiting the Bankruptcy Court's decision. We believe this lawsuit is without merit and intend to vigorously defend against the allegations.

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.

13. Impairment

Long-lived Assets

Accounting Standards Codification (ASC) 360 - Property, Plant, and Equipment (ASC 360) requires long-lived assets to be assessed for impairment when events and circumstances indicate that the assets may be impaired. Long-lived assets consist of owned flight and ground equipment, ROU assets and definite-lived intangible assets such as certain domestic airport slots and gate leasehold rights, customer relationships and marketing agreements.

As previously discussed, in the first nine months of 2020, our operations, liquidity and stock price were significantly impacted by decreased passenger demand and government travel restrictions due to COVID-19. Additionally, we decided to retire certain mainline aircraft earlier than planned including Airbus A330-200, Boeing 757, Boeing 767, Airbus A330-300 and Embraer 190 aircraft as well as regional aircraft, including certain Embraer 140 and Bombardier CRJ200 aircraft. As a result of these events and circumstances, in each of the first three quarters of 2020, we performed impairment tests on our long-lived assets in connection with the preparation of our financial statements.

In accordance with ASC 360, an impairment of a long-lived asset or group of long-lived assets exists only when the sum of the estimated undiscounted future cash flows expected to be generated directly by the assets are less than the carrying value of the assets. We group assets principally by fleet-type when estimating future cash flows, which is generally the lowest level for which identifiable cash flows exist. Estimates of future cash flows are based on historical results adjusted to reflect management's best estimate of future market and operating conditions, including our current fleet plan.

As a result of the impairment tests performed on our long-lived assets, we determined the sum of the estimated undiscounted future cash flows exceeded the $42.0 billion carrying value for our long-lived assets except for the aircraft being retired earlier than planned as discussed above. For those aircraft and certain related spare parts, we recorded impairment charges reflecting the difference between the carrying values of these assets and their fair values of $714 million and $1.5 billion for the three and nine months ended September 30, 2020, respectively. Fair value reflects management's best estimate including inputs from published pricing guides and bids from third parties as well as contracted sales agreements when applicable. Due to the inherent uncertainties of the current operating environment, we will continue to evaluate our current fleet (including aircraft in temporary storage) and may decide to permanently retire additional aircraft.

Goodwill and Indefinite-lived Intangible Assets

ASC 350 - Intangibles - Goodwill and Other (ASC 350) requires goodwill and indefinite-lived intangible assets to be assessed for impairment annually or more frequently if events or circumstances indicate that the fair values of goodwill and indefinite-lived intangible assets may be lower than their carrying values. Goodwill represents the purchase price in excess of the fair value of the net assets acquired and liabilities assumed in connection with the merger with US Airways Group, Inc. We have one reporting unit. Indefinite-lived intangible assets consist of certain domestic airport slots and international slots and route authorities.

In each of the first three quarters of 2020, we performed interim impairment tests on our goodwill and indefinite-lived intangible assets as a result of the events and circumstances previously discussed due to the impact of COVID-19 on our business. In accordance with ASC 350, for goodwill, we performed a quantitative analysis by using a market approach. Under the market approach, the fair value of the reporting unit was determined based on quoted market prices for equity and the fair value of debt as described in Note 8. The fair value exceeded the carrying value of the reporting unit, and our $4.1 billion of goodwill was not impaired.

Additionally, we performed interim qualitative impairment tests on our $1.8 billion of indefinite-lived intangible assets and determined there was no material impairment.

As discussed above, due to the inherent uncertainties of the current operating environment, we will continue to evaluate our goodwill and indefinite-lived intangible assets for events or circumstances that indicate that their fair values may be lower than their carrying values.

14. Subsequent Events

On October 21, 2020, we entered into a Restatement Agreement (the Treasury Loan Restatement Agreement) to the Treasury Loan Agreement. The Treasury Loan Restatement Agreement increased the commitment under the Treasury Term Loan Facility to $7.5 billion, representing an increase of approximately $2.0 billion beyond the approximately $5.5 billion of commitment under the Treasury Term Loan Facility as of the date of execution of the Treasury Loan Agreement. No additional borrowing was made by American on October 21, 2020 in connection with the entry into the Treasury Loan Restatement Agreement. Due to the increase in the commitment under the Treasury Term Loan Facility to $7.5 billion,

AAG may now issue up to an aggregate of approximately 60.0 million Treasury Loan Warrant Shares, assuming the Treasury Term Loan Facility, as amended by the Restatement Agreement, is fully drawn.

ITEM 1B. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.

AMERICAN AIRLINES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions)(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Operating revenues:				
Passenger	$ 2,540	$ 10,995	$ 11,328	$ 31,663
Cargo	207	208	484	647
Other	425	707	1,496	2,139
Total operating revenues	3,172	11,910	13,308	34,449
Operating expenses:				
Aircraft fuel and related taxes	453	1,989	2,065	5,710
Salaries, wages and benefits	2,704	3,217	8,380	9,503
Regional expenses	852	1,913	3,500	5,616
Maintenance, materials and repairs	337	610	1,253	1,745
Other rent and landing fees	367	530	1,149	1,568
Aircraft rent	336	335	1,004	996
Selling expenses	70	424	418	1,194
Depreciation and amortization	498	499	1,557	1,469
Special items, net	(295)	228	(657)	487
Other	659	1,337	2,425	3,860
Total operating expenses	5,981	11,082	21,094	32,148
Operating income (loss)	(2,809)	828	(7,786)	2,301
Nonoperating income (expense):				
Interest income	72	131	268	389
Interest expense, net	(310)	(281)	(825)	(835)
Other income (expense), net	111	(10)	78	69
Total nonoperating expense, net	(127)	(160)	(479)	(377)
Income (loss) before income taxes	(2,936)	668	(8,265)	1,924
Income tax provision (benefit)	(660)	160	(1,852)	472
Net income (loss)	$ (2,276)	$ 508	$ (6,413)	$ 1,452

See accompanying notes to condensed consolidated financial statements.

AMERICAN AIRLINES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In millions)(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Net income (loss)	$ (2,276)	$ 508	$ (6,413)	$ 1,452
Other comprehensive income (loss), net of tax:				
Pension, retiree medical and other postretirement benefits	(15)	(19)	(146)	(53)
Investments	1	—	—	3
Total other comprehensive loss, net of tax	(14)	(19)	(146)	(50)
Total comprehensive income (loss)	$ (2,290)	$ 489	$ (6,559)	$ 1,402

See accompanying notes to condensed consolidated financial statements.

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

	September 30, 2020	December 31, 2019
	(Unaudited)	
ASSETS		
Current assets		
Cash	$ 243	$ 267
Short-term investments	8,029	3,543
Restricted cash and short-term investments	508	158
Accounts receivable, net	1,129	1,770
Receivables from related parties, net	9,183	12,451
Aircraft fuel, spare parts and supplies, net	1,535	1,754
Prepaid expenses and other	727	584
Total current assets	21,354	20,527
Operating property and equipment		
Flight equipment	37,252	42,213
Ground property and equipment	9,088	9,089
Equipment purchase deposits	1,899	1,674
Total property and equipment, at cost	48,239	52,976
Less accumulated depreciation and amortization	(16,318)	(18,335)
Total property and equipment, net	31,921	34,641
Operating lease right-of-use assets	7,942	8,694
Other assets		
Goodwill	4,091	4,091
Intangibles, net of accumulated amortization of $734 and $704, respectively	2,039	2,084
Deferred tax asset	2,450	689
Other assets	1,521	1,164
Total other assets	10,101	8,028
Total assets	$ 71,318	$ 71,890
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current liabilities		
Current maturities of long-term debt and finance leases	$ 2,713	$ 2,358
Accounts payable	999	1,990
Accrued salaries and wages	1,859	1,461
Air traffic liability	4,903	4,808
Loyalty program liability	2,051	3,193
Operating lease liabilities	1,724	1,695
Other accrued liabilities	2,093	2,055
Total current liabilities	16,342	17,560
Noncurrent liabilities		
Long-term debt and finance leases, net of current maturities	26,478	20,684
Pension and postretirement benefits	6,267	6,008
Loyalty program liability	7,043	5,422
Operating lease liabilities	6,655	7,388
Other liabilities	1,545	1,406
Total noncurrent liabilities	47,988	40,908
Commitments and contingencies		
Stockholder's equity		
Common stock, $1.00 par value; 1,000 shares authorized, issued and outstanding	—	—
Additional paid-in capital	17,028	16,903
Accumulated other comprehensive loss	(6,569)	(6,423)
Retained earnings (deficit)	(3,471)	2,942
Total stockholder's equity	6,988	13,422
Total liabilities and stockholder's equity	$ 71,318	$ 71,890

See accompanying notes to condensed consolidated financial statements.

AMERICAN AIRLINES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)(Unaudited)

	Nine Months Ended September 30,	
	2020	2019
Net cash provided by (used in) operating activities	$ (90)	$ 2,910
Cash flows from investing activities:		
Capital expenditures and aircraft purchase deposits	(1,781)	(3,043)
Proceeds from sale-leaseback transactions	433	629
Proceeds from sale of property and equipment	251	42
Purchases of short-term investments	(7,086)	(2,878)
Sales of short-term investments	2,603	2,524
Increase in restricted short-term investments	(317)	(2)
Other investing activities	(112)	(68)
Net cash used in investing activities	(6,009)	(2,796)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	8,743	2,800
Payments on long-term debt and finance leases	(2,512)	(2,835)
Deferred financing costs	(122)	(41)
Net cash provided by (used in) financing activities	6,109	(76)
Net increase in cash and restricted cash	10	38
Cash and restricted cash at beginning of period	277	276
Cash and restricted cash at end of period [1]	$ 287	$ 314
Non-cash transactions:		
Right-of-use (ROU) assets acquired through operating leases	$ 459	$ 853
Settlement of bankruptcy obligations	56	7
Deferred financing costs paid through issuance of debt	17	—
Property and equipment acquired through finance leases	—	46
Supplemental information:		
Interest paid, net	668	772
Income taxes paid	2	5

[1] The following table provides a reconciliation of cash and restricted cash to amounts reported within the condensed consolidated balance sheets:

Cash	$ 243	$ 303
Restricted cash included in restricted cash and short-term investments	44	11
Total cash and restricted cash	$ 287	$ 314

See accompanying notes to condensed consolidated financial statements.

AMERICAN AIRLINES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDER'S EQUITY
(In millions)(Unaudited)

	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Earnings (Deficit)	Total
Balance at December 31, 2019	$ —	$ 16,903	$ (6,423)	$ 2,942	$ 13,422
Net loss	—	—	—	(2,169)	(2,169)
Other comprehensive loss, net	—	—	(149)	—	(149)
Share-based compensation expense	—	18	—	—	18
Intercompany equity transfer	—	56	—	—	56
Balance at March 31, 2020	—	16,977	(6,572)	773	11,178
Net loss	—	—	—	(1,968)	(1,968)
Other comprehensive income, net	—	—	17	—	17
Share-based compensation expense	—	31	—	—	31
Balance at June 30, 2020	—	17,008	(6,555)	(1,195)	9,258
Net loss	—	—	—	(2,276)	(2,276)
Other comprehensive loss, net	—	—	(14)	—	(14)
Share-based compensation expense	—	20	—	—	20
Balance at September 30, 2020	$ —	$ 17,028	$ (6,569)	$ (3,471)	$ 6,988

	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total
Balance at December 31, 2018	$ —	$ 16,802	$ (5,992)	$ 960	$ 11,770
Net income	—	—	—	230	230
Other comprehensive loss, net	—	—	(13)	—	(13)
Share-based compensation expense	—	25	—	—	25
Balance at March 31, 2019	—	16,827	(6,005)	1,190	12,012
Net income	—	—	—	714	714
Other comprehensive loss, net	—	—	(18)	—	(18)
Share-based compensation expense	—	25	—	—	25
Intercompany equity transfer	—	7	—	—	7
Balance at June 30, 2019	—	16,859	(6,023)	1,904	12,740
Net income	—	—	—	508	508
Other comprehensive loss, net	—	—	(19)	—	(19)
Share-based compensation expense	—	22	—	—	22
Intercompany equity transfer	—	—	—	9	9
Balance at September 30, 2019	$ —	$ 16,881	$ (6,042)	$ 2,421	$ 13,260

See accompanying notes to condensed consolidated financial statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF AMERICAN AIRLINES, INC.
(Unaudited)

1. Basis of Presentation and Recent Accounting Pronouncements

(a) Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of American Airlines, Inc. (American) should be read in conjunction with the consolidated financial statements contained in American's Annual Report on Form 10-K for the year ended December 31, 2019. American is the principal wholly-owned subsidiary of American Airlines Group Inc. (AAG). All significant intercompany transactions have been eliminated.

Management believes that all adjustments necessary for the fair presentation of results, consisting of normally recurring items, have been included in the unaudited condensed consolidated financial statements for the interim periods presented. 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, as well as pension and retiree medical and other postretirement benefits.

(b) Impact of Coronavirus (COVID-19)

COVID-19 has been declared a global health pandemic by the World Health Organization. COVID-19 has surfaced in nearly all regions of the world, which has driven the implementation of significant, government-imposed measures to prevent or reduce its spread, including travel restrictions, closing of borders, "shelter in place" orders and business closures. As a result, American has experienced an unprecedented decline in the demand for air travel, which has resulted in a material deterioration in its revenues. While American's business performed largely as expected in January and February of 2020, a severe reduction in air travel starting in March 2020 resulted in its total operating revenues decreasing approximately 20% in the first quarter of 2020, 86% in the second quarter of 2020 and 73% in the third quarter of 2020 as compared to the first, second and third quarters of 2019, respectively. While the length and severity of the reduction in demand due to COVID-19 is uncertain, American expects its results of operations for the remainder of 2020 to be severely impacted.

American has taken aggressive actions to mitigate the effect of COVID-19 on its business including deep capacity reductions, structural changes to its fleet, cost reductions, and steps to preserve cash and improve its overall liquidity position. American remains extremely focused on taking all self-help measures available to manage its business during this unprecedented time, consistent with the terms of the financial assistance it has received from the U.S. Government under the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

Capacity Reductions

American has significantly reduced its capacity (as measured by available seat miles), with the third quarter of 2020 flying decreased by 59% year-over-year and fourth quarter of 2020 flying expected to decrease by more than 50% year-over-year, with long-haul international capacity down approximately 75% year-over-year. The demand environment continues to be uncertain as COVID-19 cases have continued to fluctuate in jurisdictions to which American flies and travel restrictions have generally remained in place. Due to this uncertainty, American will continue to adjust its future capacity to match developing trends in bookings for future travel and make further adjustments to its capacity as needed.

Fleet

To better align American's network with lower passenger demand, American accelerated the retirement of Airbus A330-200, Boeing 757, Boeing 767, Airbus A330-300 and Embraer 190 fleets as well as certain regional aircraft, including certain Embraer 140 and Bombardier CRJ200 aircraft. These retirements remove complexity from its operation and bring forward cost savings and efficiencies associated with operating fewer aircraft types. See Note 12 for further information on the accounting for American's fleet retirements. Due to the inherent uncertainties of the current operating environment, American will continue to evaluate its current fleet and may decide to permanently retire additional aircraft. In addition, American has placed a number of Boeing 737-800 and certain regional aircraft into temporary storage.

Cost Reductions

American is moving quickly to better align its costs with its reduced schedule. In aggregate, American estimates that it has reduced its 2020 operating and capital expenditures by approximately $17.0 billion. These savings have been achieved primarily through capacity reductions. In addition, American has implemented a series of actions, including the accelerated fleet retirements discussed above as well as reductions in maintenance expense and non-aircraft capital expenditures through less fleet modification work, the elimination of ground service equipment purchases and pausing all non-critical facility investments and information technology projects. American has also suspended all non-essential hiring, paused non-contractual pay rate increases, reduced executive and board of director compensation, implemented voluntary leave and early retirement programs, decreased its management and support staff team, including officers, by approximately 5,100 positions, or 30%, and, as necessary, undertaken furloughs, to reduce its labor costs consistent with its obligations under the CARES Act. In total, more than 20,000 team members have opted for an early retirement or long-term paid leave and approximately 19,000 team members were furloughed starting October 1, 2020. Additionally, American has made reductions in marketing, contractor, event and training expenses as well as consolidated space at airport facilities.

Liquidity

At September 30, 2020, American had $13.6 billion in total available liquidity, consisting of $8.3 billion in unrestricted cash and short-term investments, $4.9 billion in an undrawn term loan facility under the CARES Act and $400 million in an undrawn short-term revolving facility.

During the first nine months of 2020, American completed the following financing transactions (see Note 4 for further information):

- refinanced the $1.2 billion 2014 Term Loan Facility at a lower interest rate and extended the maturity from 2021 to 2027;
- raised $1.0 billion from a senior secured delayed draw term loan credit facility;
- borrowed $750 million under the 2013 Revolving Facility, $1.6 billion under the 2014 Revolving Facility and $450 million under the April 2016 Revolving Facility;
- issued $2.5 billion in aggregate principal amount of 11.75% senior secured notes due 2025 and repaid the $1.0 billion senior secured delayed draw term loan credit facility that American borrowed in March 2020;
- issued approximately $360 million in special facility revenue bonds, of which $47 million was used to fund the redemption of certain outstanding bonds;
- entered into a $5.5 billion secured term loan facility with the U.S. Department of Treasury (Treasury), of which American borrowed $550 million (see below for additional information on the Treasury Loan Agreement);
- issued $1.2 billion in aggregate principal amount of two series of 10.75% senior secured notes due 2026 secured by various collateral;
- raised $392 million from aircraft sale-leaseback transactions; and
- raised $323 million from enhanced equipment trust certificates (EETCs) and other aircraft and flight equipment financings, of which $17 million was used to repay existing indebtedness.

In addition to the foregoing financings, AAG and the Subsidiaries (as defined below) were initially approved to receive an aggregate of $5.8 billion in financial assistance to be paid in installments through the payroll support program (Payroll Support Program) under the CARES Act, all of which was received by the end of July 2020. On September 30, 2020, AAG and the Subsidiaries received an additional installment of $168 million for a total aggregate of $6.0 billion of such financial assistance and, as a result, the promissory note (the PSP Promissory Note) previously issued to Treasury for $1.7 billion was revised upwards to $1.8 billion in aggregate principal amount and warrants to purchase up to an aggregate of approximately 13.7 million shares of AAG common stock were revised upwards to 14.1 million shares (the PSP Warrant Shares) of AAG common stock. See below for further discussion on the Payroll Support Program.

Also, American is permitted to, and will, defer payment of the employer portion of Social Security taxes through the end of 2020 (with 50% of the deferred amount due December 31, 2021 and the remaining 50% due December 31, 2022). This

deferral is expected to provide approximately $300 million in additional liquidity during 2020. Additionally, AAG has suspended its capital return program, including share repurchases and the payment of future dividends for at least the period that the restrictions imposed by the CARES Act are applicable.

American continues to evaluate future financing opportunities and work with third-party appraisers on valuations of its remaining unencumbered assets.

Certain of American's debt financing agreements contain covenants requiring it 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 and/or contain loan to value and debt service coverage ratio covenants.

Given the above actions and American's assumptions about the future impact of COVID-19 on travel demand, which could be materially different due to the inherent uncertainties of the current operating environment, American expects to meet its cash obligations as well as remain in compliance with the debt covenants in its existing financing agreements for the next 12 months based on its current level of unrestricted cash and short-term investments, its anticipated access to liquidity (including via proceeds from financings and funds from government assistance obtained pursuant to the CARES Act) and projected cash flows from operations.

Payroll Support Program

On April 20, 2020 (the PSP Closing Date), American, Envoy Air Inc. (Envoy), Piedmont Airlines, Inc. (Piedmont) and PSA Airlines, Inc. (PSA and together with American, Envoy and Piedmont, the Subsidiaries), each a wholly-owned subsidiary of AAG, entered into a Payroll Support Program Agreement (the PSP Agreement) with Treasury, with respect to the Payroll Support Program provided pursuant to the CARES Act. In connection with the Subsidiaries' entry into the PSP Agreement, on the PSP Closing Date, AAG also entered into a warrant agreement (the PSP Warrant Agreement) with Treasury, and AAG issued the PSP Promissory Note to Treasury, with the Subsidiaries as guarantors (the Guarantors).

Payroll Support Program Agreement

In connection with the Payroll Support Program, AAG and the Subsidiaries are required to comply with the relevant provisions of the CARES Act, including the requirement that funds provided pursuant to the PSP Agreement be used exclusively for the continuation of payment of employee wages, salaries and benefits, the requirement against involuntary furloughs and reductions in employee pay rates and benefits, which expired on September 30, 2020, the requirement that certain levels of commercial air service be maintained and the provisions that prohibit the repurchase of AAG common stock, and the payment of common stock dividends through September 30, 2021, as well as those that restrict the payment of certain executive compensation until March 24, 2022. The PSP Agreement also imposes substantial reporting obligations on AAG and the Subsidiaries. As of September 30, 2020, AAG and the Subsidiaries received a secured loan from Treasury under the loan program that is due June 2025 and, as a result, the stock repurchase, dividend and executive compensation restrictions will remain in place through the date that is one year after such secured loan is fully repaid. See below for additional information on the Treasury Loan Agreement.

Pursuant to the PSP Agreement, Treasury provided to AAG and the Subsidiaries financial assistance which was paid in installments (each, an Installment) and totaled an aggregate of approximately $5.8 billion initially and was subsequently increased to $6.0 billion, and all of which has been received as of September 30, 2020. As partial compensation to the U.S. Government for the provision of financial assistance under the Payroll Support Program, AAG issued a total aggregate principal amount of approximately $1.8 billion under the PSP Promissory Note and issued warrants (each a PSP Warrant and, collectively, the PSP Warrants) to Treasury to purchase up to an aggregate of approximately 14.1 million PSP Warrant Shares. See Note 6 to AAG's Condensed Consolidated Financial Statements in Part I, Item 1A for further information on the PSP Promissory Note and below for more information on the PSP Warrant Agreement and the PSP Warrants.

For accounting purposes, the $6.0 billion of aggregate financial assistance AAG and the Subsidiaries received pursuant to the PSP Agreement is allocated to the PSP Promissory Note, the PSP Warrants and other Payroll Support Program financial assistance (the PSP Financial Assistance). The aggregate principal amount of approximately $1.8 billion of PSP Promissory Note was recorded as unsecured long-term debt, and the total fair value of the PSP Warrants of $63 million, estimated using a Black-Scholes option pricing model, was recorded in stockholders' equity in AAG's condensed consolidated balance sheet. The remaining amount of approximately $4.2 billion of PSP Financial Assistance was recognized as a credit to special items, net in the condensed consolidated statement of operations in the second and third quarters of 2020, the period over which the continuation of payment of employee wages, salaries and benefits was

required. For the three and nine months ended September 30, 2020, approximately $2.1 billion and $4.2 billion, respectively, was recognized as a credit to special items, net in the condensed consolidated statement of operations.

PSP Warrant Agreement and PSP Warrants

As partial compensation to the U.S. Government for the provision of financial assistance under the PSP Agreement, and pursuant to the PSP Warrant Agreement, AAG has agreed to issue warrants to Treasury to purchase up to an aggregate of approximately 14.1 million PSP Warrant Shares of AAG common stock. The exercise price of the PSP Warrant Shares is $12.51 per share (which was the closing price of AAG common stock on The Nasdaq Global Select Market on April 9, 2020) (the Exercise Price) subject to certain anti-dilution provisions provided for in the PSP Warrant.

Pursuant to the PSP Warrant Agreement, on the PSP Closing Date, May 29, 2020, June 30, 2020, July 30, 2020 and September 30, 2020, AAG issued to Treasury a PSP Warrant to purchase up to an aggregate of approximately 6.7 million shares, 2.8 million shares, 2.8 million shares, 1.4 million shares and 0.4 million shares, respectively, of AAG common stock based on the terms described herein.

The PSP Warrants do not have any voting rights and are freely transferrable, with registration rights. Each PSP Warrant expires on the fifth anniversary of the date of issuance of such PSP Warrant. The PSP Warrants will be exercisable either through net share settlement or cash, at AAG's option. The PSP Warrants were issued solely as compensation to the U.S. Government related to entry into the PSP Agreement. No separate proceeds (apart from the financial assistance described above) were received upon issuance of the PSP Warrants or will be received upon exercise thereof.

Treasury Loan Agreement

On September 25, 2020 (the Treasury Loan Closing Date), AAG and American entered into a Loan and Guarantee Agreement (the Treasury Loan Agreement) with Treasury which provides for a secured term loan facility (the Treasury Term Loan Facility) that permitted American to borrow up to $5.5 billion. Subsequently, on October 21, 2020, AAG and American entered into an amendment to the Treasury Loan Agreement that permits American to borrow up to $7.5 billion. The Treasury Loan Agreement will involve the issuance of additional warrants to purchase up to an aggregate of approximately 60.0 million shares of AAG common stock, assuming the Treasury Term Loan Facility is fully drawn. As of September 30, 2020, American borrowed $550 million under the Treasury Term Loan Facility, which is scheduled to mature on June 30, 2025, and issued warrants to Treasury to purchase up to an aggregate of approximately 4.4 million shares of AAG common stock. See Note 4 for further information on the Treasury Loan Agreement and below for more information on the Treasury Loan Warrant Agreement and Treasury Loan Warrants.

Treasury Loan Warrant Agreement and Warrants

In connection with the Treasury Loan Agreement, AAG also entered into a warrant agreement (the Treasury Loan Warrant Agreement) with Treasury. Pursuant to the Treasury Loan Warrant Agreement, AAG agreed to issue warrants (each a Treasury Loan Warrant and, collectively, the Treasury Loan Warrants) to Treasury to purchase up to an aggregate of approximately 60.0 million shares (the Treasury Loan Warrant Shares) of AAG's common stock based on the $7.5 billion commitment amount under the Treasury Term Loan Facility. The exercise price of the Treasury Loan Warrant Shares is $12.51 per share (the Exercise Price) subject to certain anti-dilution provisions provided for in the Treasury Loan Warrant Agreement. For accounting purposes, the fair value for the Treasury Loan Warrant Shares is estimated using a Black-Scholes option pricing model and recorded in stockholders' equity in AAG's condensed consolidated balance sheet with an offsetting debt discount to the Treasury Term Loan Facility in American's condensed consolidated balance sheet.

Pursuant to the Treasury Loan Warrant Agreement, on the Treasury Loan Closing Date, AAG issued to Treasury a Treasury Loan Warrant to purchase up to an aggregate of approximately 4.4 million Treasury Loan Warrant Shares based on the terms described herein. On the date of each additional borrowing under the Treasury Loan Agreement, AAG will issue to Treasury an additional Treasury Loan Warrant for a number of Treasury Loan Warrant Shares equal to 10% of such borrowing, divided by the Exercise Price.

The Treasury Loan Warrants do not have any voting rights and are freely transferrable, with registration rights. Each Treasury Loan Warrant expires on the fifth anniversary of the date of issuance of such Treasury Loan Warrant. The Treasury Loan Warrants will be exercisable either through net share settlement or cash, at AAG's option. The Treasury Loan Warrants were issued solely as compensation to the U.S. Government related to entry into the Treasury Loan Agreement. No separate proceeds were received upon issuance of the Treasury Loan Warrants or will be received upon exercise thereof.

(c) Recent Accounting Pronouncements

Accounting Standards Update (ASU) 2016-13: Measurement of Credit Losses on Financial Instruments

This ASU requires the use of an expected loss model for certain types of financial instruments and requires consideration of a broader range of reasonable and supportable information to calculate credit loss estimates. For trade receivables, loans and held-to-maturity debt securities, an estimate of lifetime expected credit losses is required. For available-for-sale debt securities, an allowance for credit losses will be required rather than a reduction to the carrying value of the asset. American adopted this accounting standard prospectively as of January 1, 2020, and it did not have a material impact on American's condensed consolidated financial statements.

ASU 2020-06: Accounting for Convertible Instruments and Contracts In An Entity's Own Equity

This ASU simplifies the accounting for certain convertible instruments by removing the separation models for convertible debt with a cash conversion feature or convertible instruments with a beneficial conversion feature. As a result, more convertible debt instruments will be reported as a single liability instrument with no separate accounting for embedded conversion features. Additionally, this ASU amends the diluted earnings per share calculation for convertible instruments by requiring the use of the if-converted method. The treasury stock method is no longer available. Entities may adopt this ASU using either a full or modified retrospective approach, and it is effective for interim and annual reporting periods beginning after December 15, 2021. Early adoption is permitted for interim and annual reporting periods beginning after December 15, 2020. This ASU is applicable to AAG's 6.50% convertible senior notes due 2025, and AAG is assessing the impact the adoption of this ASU will have on its condensed consolidated financial statements.

2. Special Items, Net

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
PSP Financial Assistance [1]	$ (1,908)	$ —	$ (3,710)	$ —
Severance expenses [2]	871	—	1,408	—
Fleet impairment [3]	742	201	1,484	201
Labor contract expenses [4]	—	—	228	—
Mark-to-market adjustments on bankruptcy obligations, net [5]	—	(22)	(49)	(18)
Fleet restructuring expenses [6]	—	72	—	232
Litigation reserve adjustments	—	(53)	—	(53)
Merger integration expenses	—	29	—	106
Other operating special items, net	—	1	(18)	19
Mainline operating special items, net	(295)	228	(657)	487
PSP Financial Assistance [1]	(228)	—	(444)	—
Fleet impairment [3]	—	—	106	—
Regional operating special items, net	(228)	—	(338)	—
Operating special items, net	(523)	228	(995)	487
Mark-to-market adjustments on equity and other investments, net [7]	(21)	45	159	37
Debt refinancing, extinguishment and other charges	—	7	48	14
Nonoperating special items, net	(21)	52	207	51

[1] PSP Financial Assistance represents recognition of a portion of financial assistance received from Treasury pursuant to the PSP Agreement. See Note 1 for further information.

[2] Severance expenses principally include salary and medical costs associated with certain team members who opted in to voluntary early retirement programs offered as a result of reductions to American's operation due to COVID-19.

These expenses in the three months ended September 30, 2020 also include salary and medical costs associated with team members who were notified in the third quarter of 2020 they were being involuntarily furloughed starting October 1, 2020, subsequent to the expiration of the Payroll Support Program requirement against involuntary furloughs. Cash payments related to these charges for the three and nine months ended September 30, 2020 were approximately $120 million and $170 million, respectively.

(3) Fleet impairment resulted from American's decision to retire certain aircraft earlier than planned driven by the decline in air travel due to COVID-19. Aircraft retired include Airbus A330-200, Boeing 757, Boeing 767, Airbus A330-300, Embraer 190, certain Embraer 140 and Bombardier CRJ200 aircraft. See Note 12 for further information related to these charges.

The three months ended September 30, 2020 included a $709 million non-cash write-down of Airbus A330-200 aircraft and spare parts and $33 million in cash charges primarily for lease return and other costs.

The nine months ended September 30, 2020 included a $1.5 billion non-cash write-down of mainline and regional aircraft and spare parts and $109 million in cash charges primarily for impairment of ROU assets and lease return costs.

(4) Labor contract expenses primarily relate to one-time charges resulting from the ratification of a new contract with the Transport Workers Union and International Association of Machinists & Aerospace Workers for American's maintenance and fleet service team members, including signing bonuses and adjustments to vacation accruals resulting from pay rate increases.

(5) Bankruptcy obligations that will be settled in shares of AAG common stock are marked-to-market based on AAG's stock price.

(6) Fleet restructuring expenses principally included accelerated depreciation and rent expense for aircraft and related equipment expected to be retired earlier than planned.

(7) Mark-to-market adjustments on equity and other investments, net primarily relates to net unrealized gains and losses associated with American's equity investment in China Southern Airlines Company Limited (China Southern Airlines) and certain treasury rate lock derivative instruments.

3. Revenue Recognition

Revenue

The following are the significant categories comprising American's reported operating revenues (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Passenger revenue:				
Passenger travel	$ 2,407	$ 10,226	$ 10,491	$ 29,215
Loyalty revenue - travel (1)	133	769	837	2,448
Total passenger revenue	2,540	10,995	11,328	31,663
Cargo	207	208	484	647
Other:				
Loyalty revenue - marketing services	389	570	1,317	1,742
Other revenue	36	137	179	397
Total other revenue	425	707	1,496	2,139
Total operating revenues	$ 3,172	$ 11,910	$ 13,308	$ 34,449

(1) Loyalty revenue included in passenger revenue is principally comprised of mileage credit redemptions, which were earned from travel or co-branded credit card and other partners.

The following is American's total passenger revenue by geographic region (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Domestic	$ 2,296	$ 7,814	$ 9,102	$ 23,048
Latin America	172	1,218	1,386	3,829
Atlantic	56	1,596	621	3,677
Pacific	16	367	219	1,109
Total passenger revenue	$ 2,540	$ 10,995	$ 11,328	$ 31,663

American attributes passenger revenue by geographic region based upon the origin and destination of each flight segment.

Contract Balances

American's significant contract liabilities are comprised of (1) outstanding loyalty program mileage credits that may be redeemed for future travel and other non-air travel awards, reported as loyalty program liability on the condensed consolidated balance sheets and (2) ticket sales for transportation that has not yet been provided, reported as air traffic liability on the condensed consolidated balance sheets.

	September 30, 2020	December 31, 2019
	(In millions)	
Loyalty program liability	$ 9,094	$ 8,615
Air traffic liability	4,903	4,808
Total	$ 13,997	$ 13,423

The balance of the loyalty program liability fluctuates based on seasonal patterns, which impact the volume of mileage credits issued through travel or sold to co-branded credit card and other partners (deferral of revenue) and mileage credits redeemed (recognition of revenue). Changes in loyalty program liability are as follows (in millions):

Balance at December 31, 2019	$ 8,615
Deferral of revenue	1,456
Recognition of revenue [1]	(977)
Balance at September 30, 2020 [2]	$ 9,094

(1) Principally relates to revenue recognized from the redemption of mileage credits for both air and non-air travel awards. Mileage credits are combined in one homogenous pool and are not separately identifiable. As such, the revenue is comprised of miles that were part of the loyalty program deferred revenue balance at the beginning of the period, as well as miles that were issued during the period.

(2) Mileage credits can be redeemed at any time and generally do not expire as long as that AAdvantage member has any type of qualifying activity at least every 18 months. In response to COVID-19, American suspended the expiration of mileage credits through December 31, 2020. As of September 30, 2020, American's current loyalty program liability was $2.1 billion and represents American's current estimate of revenue expected to be recognized in the next 12 months based on historical as well as projected trends, with the balance reflected in long-term loyalty program liability expected to be recognized as revenue in periods thereafter. Given the inherent uncertainty of the current operating environment due to COVID-19, American will continue to monitor redemption patterns and may adjust its estimates in the future.

The air traffic liability principally represents tickets sold for future travel on American and partner airlines, as well as estimated future refunds and exchanges of tickets sold for past travel. The balance in American's air traffic liability also fluctuates with seasonal travel patterns. The contract duration of passenger tickets is generally one year. Accordingly, any revenue associated with tickets sold for future travel will be recognized within 12 months. For the nine months ended September 30, 2020, $2.8 billion of revenue was recognized in passenger revenue that was included in American's air

traffic liability at December 31, 2019. In response to COVID-19, American extended the contract duration for certain tickets to December 31, 2021, principally those with travel scheduled March 1, 2020 through December 31, 2020. As of September 30, 2020, the air traffic liability included approximately $2.5 billion of travel credits related to these unused tickets for travel prior to September 30, 2020. Accordingly, any revenue associated with these tickets will be recognized within the next 15 months. Given this change in contract duration and uncertainty surrounding the future demand for air travel, American's estimates of revenue that will be recognized from the air traffic liability for future flown or unused tickets as well as American's estimates of refunds may be subject to variability and differ from historical experience.

4. Debt

Long-term debt included in the condensed consolidated balance sheets consisted of (in millions):

	September 30, 2020	December 31, 2019
Secured		
2013 Term Loan Facility, variable interest rate of 1.89%, installments through 2025	$ 1,788	$ 1,807
2013 Revolving Facility, variable interest rate of 2.16%, due 2024	750	—
2014 Term Loan Facility, variable interest rate of 1.90%, installments through 2027	1,220	1,202
2014 Revolving Facility, variable interest rate of 2.16%, due 2024	1,643	—
April 2016 Term Loan Facility, variable interest rate of 2.15%, installments through 2023	960	970
April 2016 Revolving Facility, variable interest rate of 2.16%, due 2024	450	—
December 2016 Term Loan Facility, variable interest rate of 2.15%, installments through 2023	1,213	1,213
11.75% senior secured notes, interest only payments until due in July 2025	2,500	—
Treasury Term Loan Facility, variable interest rate of 3.73%, due June 2025	550	—
10.75% senior secured IP notes, interest only payments until due in February 2026	1,000	—
10.75% senior secured LGA/DCA notes, interest only payments until due in February 2026	200	—
Enhanced equipment trust certificates (EETCs), fixed interest rates ranging from 3.00% to 8.39%, averaging 3.99%, maturing from 2021 to 2032	11,146	11,933
Equipment loans and other notes payable, fixed and variable interest rates ranging from 1.33% to 5.83%, averaging 1.88%, maturing from 2020 to 2032	4,484	4,727
Special facility revenue bonds, fixed interest rates ranging from 5.00% to 5.38%, maturing from 2021 to 2036	1,040	725
Total long-term debt	28,944	22,577
Less: Total unamortized debt discount, premium and issuance costs	337	205
Less: Current maturities	2,612	2,246
Long-term debt, net of current maturities	$ 25,995	$ 20,126

The table below shows the maximum availability under American's credit facilities, as of September 30, 2020 (in millions):

Treasury Term Loan Facility	$	4,927
Other Short-term Revolving Facility		400
Total	$	5,327

Pursuant to the Treasury Loan Agreement (as defined below), at September 30, 2020, American had a $5.5 billion Treasury Term Loan Facility (as defined below) of which it has drawn $550 million. In addition, American has an undrawn $400 million short-term revolving credit facility it entered into in December 2019, which was set to expire at the end of December 2020 but which American has extended through the beginning of July 2021. The December 2016 Credit Facilities provide for a revolving credit facility that may be established thereunder in the future.

Secured financings are collateralized by assets, primarily aircraft, engines, simulators, aircraft spare parts, airport gate leasehold rights, route authorities, airport slots and certain pre-delivery payments, as well as certain intellectual property and loyalty program assets.

2020 Financing Activities

2014 Credit Facilities

In January 2020, American and AAG entered into the eighth amendment to the Amended and Restated Credit and Guaranty Agreement, amending the Amended and Restated Credit and Guaranty Agreement dated as of April 20, 2015 (as previously amended, the 2014 Credit Agreement; the revolving credit facility established thereunder, the 2014 Revolving Facility; the term loan facility established thereunder, the 2014 Term Loan Facility; and collectively, the 2014 Credit Facilities), pursuant to which American refinanced the 2014 Term Loan Facility, increasing the total aggregate principal amount outstanding to $1.2 billion, reducing the LIBOR margin from 2.00% to 1.75%, with a LIBOR floor of 0%, and reducing the base rate margin from 1.00% to 0.75%. In addition, the maturity date for the 2014 Term Loan Facility was extended to January 2027 from October 2021.

In April and May 2020, American borrowed $1.6 billion under the 2014 Revolving Facility. The 2014 Revolving Facility bears interest at LIBOR plus a margin of 2.00% and has a final maturity date of October 2024. Following the April and May draws, American had no remaining borrowing capacity available under the 2014 Revolving Facility.

2013 Revolving Facility and April 2016 Revolving Facility

In April 2020, American borrowed $750 million under the 2013 Revolving Facility. The 2013 Revolving Facility bears interest at LIBOR plus a margin of 2.00% and has a final maturity date of October 2024. Following the April draw, American had no remaining borrowing capacity available under the 2013 Revolving Facility.

In April 2020, American borrowed $450 million under the April 2016 Revolving Facility. The April 2016 Revolving Facility bears interest at LIBOR plus a margin of 2.00% and has a final maturity date of October 2024. Following the April draw, American had no remaining borrowing capacity available under the April 2016 Revolving Facility.

Delayed Draw Term Loan Credit Facility

In March 2020, American and AAG entered into a Credit and Guaranty Agreement which provided for a $1.0 billion senior secured delayed draw term loan credit facility (the Delayed Draw Term Loan Credit Facility), which was scheduled to be due and payable in a single installment on the maturity date in March 2021. In connection with the issuance of the 11.75% senior secured notes due 2025, as described below, the Delayed Draw Term Loan Credit Facility was repaid and the Delayed Draw Term Loan Credit Facility and all of the security documents and other loan documents related thereto were terminated as of June 30, 2020.

11.75% Senior Secured Notes

In June 2020, American issued $2.5 billion aggregate principal amount of 11.75% senior secured notes due 2025 (the 11.75% Senior Secured Notes) at a price equal to 99% of their aggregate principal amount. The 11.75% Senior Secured Notes bear interest at a rate of 11.75% per annum (subject to increase if a certain collateral coverage ratio is not met). Interest on the 11.75% Senior Secured Notes is payable semiannually in arrears on January 15 and July 15 of each year, beginning on January 15, 2021. The 11.75% Senior Secured Notes will mature on July 15, 2025. The obligations of American under the 11.75% Senior Secured Notes are fully and unconditionally guaranteed on a senior unsecured basis

by AAG. The proceeds from the 11.75% Senior Secured Notes were used to repay and terminate the Delayed Draw Term Loan Credit Facility (and to terminate all security documents and all other loan documents related thereto) with the remaining amount for general corporate purposes and to enhance American's liquidity position.

American may redeem the 11.75% Senior Secured Notes, in whole at any time or in part from time to time, at a redemption price equal to 100% of the principal amount of the notes being redeemed plus a make whole premium, together with accrued and unpaid interest, if any, to (but not including) the redemption date.

The 11.75% Senior Secured Notes are American’s senior secured obligations. Subject to certain limitations and exceptions, the 11.75% Senior Secured Notes are secured on a first-lien basis by security interests in certain assets, rights and properties utilized by American in providing its scheduled air carrier services to and from certain airports in the United States and certain airports in Australia, Canada, the Caribbean, Central America, China, Hong Kong, Japan, Mexico, South Korea, and Switzerland. American’s obligations with respect to the 11.75% Senior Secured Notes are also secured on a second-lien basis by security interests in certain assets, rights and properties utilized by American in providing its scheduled air carrier services to and from certain airports in the United States and certain airports in the European Union and the United Kingdom. American may be required to pledge additional collateral in the future under the terms of the 11.75% Senior Secured Notes, and in certain circumstances may elect to pledge additional collateral as a replacement for existing collateral. The collateral that secures the 11.75% Senior Secured Notes on a second-lien basis presently secures the 2014 Credit Facilities, on a first-lien basis.

Special Facility Revenue Bonds

In January 2020, American and British Airways announced the start of construction on a $344 million investment to upgrade New York's John F. Kennedy International Airport (JFK) Terminal 8.

In June 2020, the New York Transportation Development Corporation (NYTDC) issued approximately $360 million of special facility revenue bonds (the 2020 JFK Bonds) on behalf of American. A portion of the net proceeds from the 2020 JFK Bonds have been or will be used to fund costs of issuance of the 2020 JFK Bonds, to fund a substantial portion of the cost of the renovation and expansion of a passenger terminal facility (the Terminal) leased and utilized by American at JFK and to fund the August 2020 maturity of the outstanding bonds issued by NYTDC on behalf of American in 2016 (the 2016 JFK Bonds).

American is required to pay debt service on the 2020 JFK Bonds through payments under a loan agreement with NYTDC (as amended), and American and AAG guarantee the 2020 JFK Bonds. American continues to pay debt service on the outstanding 2016 JFK Bonds and American and AAG continue to guarantee the 2016 JFK Bonds. American’s and AAG’s obligations under these guarantees are secured by a leasehold mortgage on American’s lease of the Terminal and related property from the Port Authority of New York and New Jersey.

The 2020 JFK Bonds, in aggregate, were priced at approximately 98% of par value. The gross proceeds from the issuance of the 2020 JFK Bonds were approximately $353 million. Of this amount, approximately $8 million was used to fund the costs of issuance of the 2020 JFK Bonds, approximately $47 million was used to fund the redemption of the 2016 JFK Bonds due August 2020 and approximately $17 million was reimbursed to American for the Terminal construction costs incurred, with the remaining amount of proceeds received to be held in restricted cash and short-term investments on the condensed consolidated balance sheet and to be used to finance a substantial portion of the cost of the renovation and expansion of the Terminal. The 2020 JFK Bonds are comprised of term bonds, $214 million of which bear interest at 5.25% per annum and mature on August 1, 2031, and $146 million of which bear interest at 5.375% per annum and mature on August 1, 2036.

Treasury Loan Agreement

On September 25, 2020, American and AAG entered into a Loan and Guarantee Agreement (the Treasury Loan Agreement) with Treasury which provides for a secured term loan facility (the Treasury Term Loan Facility) that permitted American to borrow up to $5.5 billion. Subsequently, on October 21, 2020, American and AAG entered into an amendment to the Treasury Loan Agreement that permits American to borrow up to $7.5 billion.

As of September 30, 2020, American borrowed $550 million under the Treasury Term Loan Facility and may, at its option, borrow additional amounts in up to two subsequent borrowings until March 26, 2021. The proceeds from the Treasury Term Loan Facility will be used for certain general corporate purposes and operating expenses in accordance with the terms and conditions of the Treasury Loan Agreement and the applicable provisions of the CARES Act.

The Treasury Term Loan Facility will bear interest at a variable rate per annum equal to (a)(i) the LIBOR rate divided by (ii) one minus the Eurodollar Reserve Percentage plus (b) 3.50%. Accrued interest on the loans will be payable in arrears on the first business day following the 14th day of each March, June, September and December, beginning with September 15, 2021, and on June 30, 2025 (the Treasury Term Loan Maturity Date). As of September 30, 2020, the applicable interest rate for the $550 million loan drawn under the Treasury Term Loan Facility will be 3.73% per annum through September 15, 2021 at which time the interest rate will reset.

All advances under the Treasury Term Loan Facility will be in the form of term loans, all of which will mature and be due and payable in a single installment on the Treasury Term Loan Maturity Date. American may, at any time and from time to time, voluntarily prepay amounts outstanding under the Treasury Loan Agreement, in whole or in part, without penalty or premium. Amounts prepaid may not be reborrowed. Mandatory prepayments of loans under the Treasury Term Loan Facility are required, without penalty or premium, to the extent necessary to comply with American's covenants regarding the expiry of certain agreements constituting Treasury Collateral (as defined below), the debt service coverage ratio, certain dispositions of Treasury Collateral, certain debt issuances secured by liens on the Treasury Collateral and certain indemnity, termination, liquidated damages or insurance payments related to the Treasury Collateral, in addition to the occurrence of a change in control of AAG.

American's obligations under the Treasury Loan Agreement are secured by a first priority security interest on American's rights under U.S. co-branded credit card agreements and certain other loyalty program partner participation agreements (including rights to receive cash flows thereunder), documents, deposit accounts, securities accounts, books and records and intellectual property related to American's AAdvantage loyalty program and all proceeds, accessions, rents or profits related to the foregoing (collectively, the Treasury Collateral). American is permitted under the Treasury Loan Agreement to add certain types of assets to the Treasury Collateral and, subject to certain conditions, release Treasury Collateral, in each case from time to time at its discretion.

The Treasury Loan Agreement requires American, under certain circumstances, including within 10 business days prior to the last business day of March and September of each year, beginning March 2021, to appraise the value of the Treasury Collateral and recalculate the collateral coverage ratio. If the calculated collateral coverage ratio is less than 1.6 to 1.0, American will be required either to provide additional Treasury Collateral (which may include cash collateral) to secure its obligations under the Treasury Loan Agreement or repay the term loans under the Treasury Term Loan Facility, in such amounts that the recalculated collateral coverage ratio, after giving effect to any such additional Treasury Collateral or repayment, is at least 1.6 to 1.0. Based on the appraisal American submitted in connection with the execution of the Treasury Loan Agreement, the appraised value of the Treasury Collateral is presently significantly in excess of the 2.0 to 1.0 collateral coverage ratio necessary to access the amount under the Treasury Term Loan Facility, including any contemplated increase.

The Treasury Loan Agreement also requires American to calculate the debt service coverage ratio on a quarterly basis. If the calculated debt service coverage ratio is less than 1.75 to 1.00, then AAG and its subsidiaries will be required to place an amount equal to at least 50% of certain revenues received from the AAdvantage loyalty program (the Loyalty Program Revenues) into a blocked account to be held for the benefit of the lenders who may choose to use such funds to prepay the outstanding term loans until the debt service coverage ratio is recalculated to be greater than or equal to 1.75 to 1.00. If the calculated debt service coverage ratio is less than or equal to 1.50 to 1.00, but greater than 1.25 to 1.00, then all amounts previously deposited into the blocked account will be used to prepay outstanding term loans and an amount equal to at least 50% of all future Loyalty Program Revenues will be transferred into the payment account and used to prepay outstanding term loans until the debt service coverage ratio is recalculated to be greater than 1.50 to 1.00. If the calculated debt service coverage ratio is less than or equal to 1.25 to 1.00, then all amounts previously deposited into the blocked account will be used to prepay outstanding term loans and an amount equal to at least 75% of all future Loyalty Program Revenues will be transferred into the payment account and used to prepay outstanding term loans until the debt service coverage ratio is recalculated to be greater than 1.25 to 1.00.

The Treasury Loan Agreement also includes affirmative, negative and financial covenants that, among other things, limit AAG's ability to pay dividends, repurchase common stock of AAG or make certain other payments, make certain investments, incur liens on the Treasury Collateral, dispose of the Treasury Collateral, amend material AAdvantage loyalty program agreements, enter into certain affiliate transactions and engage in certain business activities, in each case subject to certain exceptions. In addition, under the Treasury Loan Agreement, AAG must maintain a minimum aggregate liquidity of $2.0 billion.

The Treasury Loan Agreement requires AAG and American to comply with the relevant provisions of the CARES Act, including, but not limited to, the provisions that prohibit the repurchase of AAG's common stock, the payment of common

stock dividends and those that restrict the payment of certain executive compensation, in each case, through the date that is 12 months after the date on which all amounts of loan outstanding under the Treasury Term Loan Facility have been repaid in full.

The Treasury Loan Agreement contains events of default, including cross-default with respect to acceleration or failure to pay at maturity other material indebtedness. Upon the occurrence of an event of default and subject to certain grace periods, the outstanding obligations under the Treasury Loan Agreement may be accelerated and become due and payable immediately.

10.75% Senior Secured Notes

On September 25, 2020 (the 10.75% Senior Secured Notes Closing Date), American completed its previously announced sale of $1.0 billion in initial principal amount of PIK senior secured IP notes (the IP Notes) and $200 million in initial principal amount of PIK senior secured notes (the LGA/DCA Notes and together with the IP Notes, the 10.75% Senior Secured Notes). The obligations of American under the 10.75% Senior Secured Notes are fully and unconditionally guaranteed (the 10.75% Senior Secured Notes Guarantees) on a senior unsecured basis by AAG. The 10.75% Senior Secured Notes bear interest at a rate of 10.75% per annum in cash. For any interest period on or prior to September 1, 2022, American may, at its election, pay interest at a rate of 12.00% per annum payable one-half in cash and one-half in kind.

American expects to use the proceeds from the 10.75% Senior Secured Notes to pay transaction-related fees and expenses and for general corporate purposes.

The 10.75% Senior Secured Notes were each issued pursuant to a separate indenture, dated as of September 25, 2020 (individually, the IP Notes Indenture and the LGA/DCA Notes Indenture and collectively, the 10.75% Senior Secured Notes Indentures), by and among American, AAG and Wilmington Trust, National Association, as trustee and as collateral trustee (the 10.75% Senior Secured Notes Trustee). The IP Notes are secured by a first lien security interest on certain intellectual property of American, including the “American Airlines” trademark and the “aa.com” domain name in the United States and certain foreign jurisdictions (the IP Collateral), and a second lien on certain slots related to American’s operations at New York LaGuardia and Ronald Reagan Washington National airports and certain other assets (the LGA/DCA Collateral and together with the IP Collateral, the 10.75% Senior Secured Notes Collateral). Subject to certain conditions, American will be permitted to incur up to $4.0 billion of additional pari passu debt and unlimited second lien debt secured by the IP Collateral securing the IP Notes. The LGA/DCA Notes are secured by a first lien security interest in the LGA/DCA Collateral. American may be required to pledge additional collateral in the future under the terms of the 10.75% Senior Secured Notes, and in certain circumstances may elect to pledge additional collateral including as a replacement for existing collateral. The LGA/DCA Collateral presently secures (and will continue to secure), on a first-lien basis the December 2016 Credit Facilities.

Interest on the 10.75% Senior Secured Notes is payable semiannually in arrears on September 1 and March 1 of each year, beginning on March 1, 2021. The 10.75% Senior Secured Notes will mature on February 15, 2026.

On or prior to the fourth anniversary of the 10.75% Senior Secured Notes Closing Date, American may redeem all or any part of the 10.75% Senior Secured Notes, at its option, at a redemption price equal to 100% of the principal amount of the 10.75% Senior Secured Notes redeemed plus a make whole premium, together with accrued and unpaid interest. After the fourth anniversary of the 10.75% Senior Secured Notes Closing Date and on or prior to the fifth anniversary of the 10.75% Senior Secured Notes Closing Date, American may redeem all or any part of the 10.75% Senior Secured Notes, at its option, at a redemption price equal to 105.375% of the principal amount of the 10.75% Senior Secured Notes redeemed, together with accrued and unpaid interest. After the fifth anniversary of the 10.75% Senior Secured Notes Closing Date, American may redeem all or any part of the 10.75% Senior Secured Notes, at its option, at par, together with accrued and unpaid interest.

In the event of a specified change of control, each holder of 10.75% Senior Secured Notes may require American to repurchase its 10.75% Senior Secured Notes, in whole or in part, at a repurchase price of 101% of the aggregate principal amount of the 10.75% Senior Secured Notes so repurchased, plus accrued and unpaid interest, if any, to (but not including) the repurchase date.

The 10.75% Senior Secured Notes Indentures contain covenants that, among other things, restrict the ability of AAG and the ability of its restricted subsidiaries (including American) to: (i) pay dividends, redeem or repurchase stock or make other distributions or restricted payments, (ii) incur liens on the 10.75% Senior Secured Notes Collateral and dispose of or release the 10.75% Senior Secured Notes Collateral, (iii) repay subordinated indebtedness, (iv) make certain loans and

investments, (v) incur indebtedness or issue preferred stock, (vi) merge, consolidate or sell assets, and (vii) designate subsidiaries as unrestricted. These covenants are subject to a number of important exceptions and qualifications set forth in the 10.75% Senior Secured Notes Indentures.

Upon the occurrence of any event of default (other than certain bankruptcy or insolvency or reorganization events affecting AAG or certain of its subsidiaries, including American), the 10.75% Senior Secured Notes may be declared to be due and payable immediately. Upon the occurrence of certain bankruptcy, insolvency or reorganization events affecting AAG or certain of its subsidiaries (including American), all outstanding 10.75% Senior Secured Notes will become due and payable immediately without further action or notice on the part of the 10.75% Senior Secured Notes Trustee or any holder of the 10.75% Senior Secured Notes.

2019-1 Aircraft EETCs

In August 2019, American created three pass-through trusts which issued approximately $1.1 billion aggregate face amount of Series 2019-1 Class AA, Class A and Class B EETCs (the 2019-1 Aircraft EETCs) in connection with the financing of 35 aircraft previously delivered or scheduled to be delivered to American through September 2020 (the 2019-1 Aircraft). In 2019, $804 million of the proceeds had been used to purchase equipment notes issued by American in connection with the financing of 28 aircraft under the 2019-1 Aircraft EETCs, of which $608 million was used to repay existing indebtedness. During the third quarter of 2020, $126 million of the proceeds had been used to purchase equipment notes issued by American in connection with the financing of three aircraft under the 2019-1 Aircraft EETCs. Interest and principal payments on equipment notes issued in connection with the 2019-1 Aircraft EETCs are payable semiannually in February and August of each year, which interest payments began in February 2020 and which principal payments began or are scheduled to begin (i) in the case of equipment notes with respect to any 2019-1 Aircraft owned by American at the time of issuance of the 2019-1 Aircraft EETCs, in February 2020 and (ii) in the case of equipment notes with respect to the Embraer E175 aircraft and the Airbus A321neo aircraft scheduled to be delivered after the issuance of the 2019-1 Aircraft EETCs, in August 2020 and August 2021, respectively. The remaining proceeds of approximately $168 million as of September 30, 2020 were being held in escrow with a depositary for the benefit of the holders of the 2019-1 Aircraft EETCs until such time as American issues additional equipment notes with respect to the remaining 2019-1 Aircraft to the pass-through trusts, which will purchase such additional equipment notes with the escrowed funds. These escrowed funds are not guaranteed by American and are not reported as debt on its condensed consolidated balance sheet because the proceeds held by the depositary for the benefit of the holders of the 2019-1 Aircraft EETCs are not American's assets.

Certain information regarding the 2019-1 Aircraft EETC equipment notes and remaining escrowed proceeds, as of September 30, 2020, is set forth in the table below.

	2019-1 Aircraft EETCs		
	Series AA	Series A	Series B
Aggregate principal issued	$579	$289	$229
Remaining escrowed proceeds	$89	$44	$35
Fixed interest rate per annum	3.15%	3.50%	3.85%
Maturity date	February 2032	February 2032	February 2028

Equipment Notes and Other Notes Payable Issued in 2020

In the nine months ended September 30, 2020, American entered into agreements under which it borrowed $197 million in connection with the financing or refinancing, as the case may be, of certain aircraft, of which $17 million was used to repay existing indebtedness. Debt incurred under these agreements matures in 2029 through 2032 and bears interest at variable rates (comprised of LIBOR plus an applicable margin) averaging 1.88% at September 30, 2020.

5. Income Taxes

At December 31, 2019, American had approximately $9.2 billion of federal net operating losses (NOLs) carried over from prior taxable years (NOL Carryforwards) to reduce future federal taxable income. 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 $9.1 billion to reduce AAG's future federal taxable income. The federal NOL Carryforwards will expire beginning in 2023 if unused. American also had approximately $2.9 billion of NOL Carryforwards to reduce future state taxable income at December 31, 2019, which will expire in years 2020 through 2039 if unused. American's ability to use its NOL Carryforwards depends on the amount of taxable income generated in future periods. American presently does not have a valuation allowance on its net deferred tax assets. There can be no assurance that a valuation allowance on American's net deferred tax assets will not be required in the future. Such valuation allowance could be material.

At December 31, 2019, American had an Alternative Minimum Tax (AMT) credit carryforward of approximately $226 million available for federal income tax purposes, which was fully refunded as of September 30, 2020 as a result of the CARES Act enacted in March of 2020.

During the three and nine months ended September 30, 2020, American recorded an income tax benefit of $660 million and $1.9 billion, respectively.

6. Fair Value Measurements and Other Investments

Assets Measured at Fair Value on a Recurring Basis

American utilizes the market approach to measure the fair value of 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 nine months ended September 30, 2020.

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

	Fair Value Measurements as of September 30, 2020			
	Total	Level 1	Level 2	Level 3
Short-term investments [1], [2]:				
Money market funds	$ 2,827	$ 2,827	$ —	$ —
Corporate obligations	2,454	—	2,454	—
Bank notes/certificates of deposit/time deposits	1,973	—	1,973	—
Repurchase agreements	775	—	775	—
	8,029	2,827	5,202	—
Restricted cash and short-term investments [1], [4]	508	385	123	—
Long-term investments [3]	146	146	—	—
Total	$ 8,683	$ 3,358	$ 5,325	$ —

[1] All short-term investments are classified as available-for-sale and stated at fair value. Unrealized gains and losses are recorded in accumulated other comprehensive loss at each reporting period. There were no credit losses.

[2] American's short-term investments mature in one year or less except for $286 million of bank notes/certificates of deposit/time deposits and $70 million of corporate obligations.

[3] Long-term investments primarily include American's equity investment in China Southern Airlines, in which American presently owns a 1.8% equity interest, and are classified in other assets on the condensed consolidated balance sheet.

[4] Restricted cash and short-term investments primarily includes money market funds to be used to finance a substantial portion of the cost of the renovation and expansion of Terminal 8 at JFK and collateral held to support workers' compensation obligations.

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 except for $550 million which would have been classified as Level 3 in the fair value hierarchy.

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

	September 30, 2020		December 31, 2019	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Long-term debt, including current maturities	$ 28,607	$ 24,585	$ 22,372	$ 23,196

7. Employee Benefit Plans

The following table provides the components of net periodic benefit cost (income) (in millions):

	Pension Benefits		Retiree Medical and Other Postretirement Benefits	
Three Months Ended September 30,	2020	2019	2020	2019
Service cost	$ 1	$ 1	$ 2	$ 1
Interest cost	153	174	8	9
Expected return on assets	(252)	(203)	(3)	(4)
Special termination benefits	—	—	410	—
Settlements	—	—	—	—
Amortization of:				
Prior service cost (benefit)	7	7	(33)	(59)
Unrecognized net loss (gain)	41	37	(5)	(8)
Net periodic benefit cost (income)	$ (50)	$ 16	$ 379	$ (61)

	Pension Benefits		Retiree Medical and Other Postretirement Benefits	
Nine Months Ended September 30,	2020	2019	2020	2019
Service cost	$ 2	$ 2	$ 5	$ 3
Interest cost	459	524	22	26
Expected return on assets	(754)	(609)	(9)	(12)
Special termination benefits	—	—	410	—
Settlements	4	—	—	—
Amortization of:				
Prior service cost (benefit)	21	21	(139)	(177)
Unrecognized net loss (gain)	123	113	(17)	(24)
Net periodic benefit cost (income)	$ (145)	$ 51	$ 272	$ (184)

Effective November 1, 2012, substantially all of American's defined benefit pension plans were frozen.

The service cost component of net periodic benefit cost (income) is included in operating expenses, the cost for the special termination benefits is included in special items, net and the other components of net periodic benefit cost (income) are included in nonoperating other income (expense), net in the condensed consolidated statements of operations.

During the third quarter of 2020, American remeasured its retiree medical and other postretirement benefits to account for enhanced healthcare benefits provided to eligible team members who opted in to voluntary early retirement programs offered as a result of reductions to its operation due to COVID-19. For the three months ended September 30, 2020, American recognized a $410 million special charge for these enhanced healthcare benefits and increased its postretirement benefits obligation by $410 million as of September 30, 2020.

Pursuant to the CARES Act, minimum required pension contributions to be made in the calendar year 2020 can be deferred to January 1, 2021, with interest accruing from the original due date to the new payment date. American expects to defer its $130 million 2020 minimum required contributions to January 1, 2021, which American intends to pay or otherwise satisfy on or prior to December 31, 2020.

8. Accumulated Other Comprehensive Loss

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

	Pension, Retiree Medical and Other Postretirement Benefits	Unrealized Loss on Investments	Income Tax Benefit (Provision) [1]	Total
Balance at December 31, 2019	$ (5,218)	$ (2)	$ (1,203)	$ (6,423)
Other comprehensive income (loss) before reclassifications	(180)	—	41	(139)
Amounts reclassified from AOCI	(8)	—	1 [2]	(7)
Net current-period other comprehensive income (loss)	(188)	—	42	(146)
Balance at September 30, 2020	$ (5,406)	$ (2)	$ (1,161)	$ (6,569)

[1] Relates principally to pension, retiree medical and other postretirement benefits obligations that will not be recognized in net income (loss) 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 (benefit) on the condensed consolidated statement of operations.

Reclassifications out of AOCI are as follows (in millions):

	Amounts reclassified from AOCI				
	Three Months Ended September 30,		Nine Months Ended September 30,		
AOCI Components	2020	2019	2020	2019	Affected line items on the condensed consolidated statements of operations
Amortization of pension, retiree medical and other postretirement benefits:					
Prior service benefit	$ (20)	$ (40)	$ (91)	$ (121)	Nonoperating other income (expense), net
Actuarial loss	27	22	84	69	Nonoperating other income (expense), net
Total reclassifications for the period, net of tax	$ 7	$ (18)	$ (7)	$ (52)	

9. Regional Expenses

Expenses associated with American Eagle operations are classified as regional expenses on the condensed consolidated statements of operations. Regional expenses consist of the following (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Aircraft fuel and related taxes	$ 158	$ 485	$ 638	$ 1,395
Salaries, wages and benefits	59	76	214	241
Capacity purchases from third-party regional carriers [1]	622	900	2,105	2,665
Maintenance, materials and repairs	(4)	14	2	23
Other rent and landing fees	106	159	347	472
Aircraft rent	3	8	11	23
Selling expenses	27	102	121	299
Depreciation and amortization	66	72	207	210
Special items, net	(228)	—	(338)	—
Other	43	97	193	288
Total regional expenses	$ 852	$ 1,913	$ 3,500	$ 5,616

[1] During the three months ended September 30, 2020 and 2019, American recognized $102 million and $150 million, respectively, of expense under its capacity purchase agreement with Republic Airways Inc. (Republic). During the nine months ended September 30, 2020 and 2019, American recognized $313 million and $442 million, respectively, of expense under its capacity purchase agreement with Republic. American holds a 25% equity interest in Republic Airways Holdings Inc., the parent company of Republic.

10. Transactions with Related Parties

The following represents the net receivables (payables) to related parties (in millions):

	September 30, 2020	December 31, 2019
AAG [1]	$ 11,212	$ 14,597
AAG's wholly-owned subsidiaries [2]	(2,029)	(2,146)
Total	$ 9,183	$ 12,451

[1] The decrease in American's net related party receivable from AAG is primarily due to cash received from the proceeds of AAG financing transactions including the PSP Promissory Note, the 6.50% convertible senior notes and the issuance of 85.2 million shares of AAG common stock pursuant to a public stock offering.

[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.

11. Legal Proceedings

Chapter 11 Cases. On November 29, 2011, AMR Corporation (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 acquisition of US Airways Group, Inc. by AMR (the Merger).

Pursuant to rulings of the Bankruptcy Court, the Plan established a disputed claims reserve (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. The shares of AAG common stock issued to the Disputed Claims Reserve were originally issued on December 13, 2013 and have at all times since been included in the number of shares issued and outstanding as reported by AAG from time to time in its quarterly and annual reports, including for calculating earnings per common share. As disputed claims are resolved, the claimants receive distributions of shares from the Disputed Claims Reserve. American is not required to distribute additional shares above the limits contemplated by the Plan, even if the shares remaining for distribution in the Disputed Claims Reserve are not sufficient to fully pay any additional allowed unsecured claims. If any of the reserved shares remain undistributed upon resolution of all remaining disputed claims, such shares will not be returned to AAG but rather will be distributed to former AMR stockholders and former convertible noteholders treated as stockholders under the Plan. In February 2020, 2.2 million shares of AAG common stock were distributed from the Disputed Claims Reserve. After giving effect to this distribution, as of September 30, 2020, the Disputed Claims Reserve held 4.8 million shares of AAG common stock.

Private Party Antitrust Action Related to Passenger Capacity. American, along with Delta Air Lines, Inc., Southwest Airlines Co., United Airlines, Inc. and, in the case of litigation filed in Canada, Air Canada, were named as defendants in approximately 100 putative class action lawsuits alleging unlawful agreements with respect to air passenger capacity. The U.S. lawsuits were consolidated in the Federal District Court for the District of Columbia (the DC Court). On June 15, 2018, American reached a settlement agreement with the plaintiffs in the amount of $45 million to resolve all class claims in the U.S. lawsuits. That settlement was approved by the DC Court on May 13, 2019, however three parties who objected to the settlement have appealed that decision to the United States Court of Appeals for the District of Columbia. American believes these appeals are without merit and intends to vigorously defend against them.

Private Party Antitrust Action Related to the Merger. On August 6, 2013, a lawsuit captioned Carolyn Fjord, et al., v. AMR Corporation, et al., was filed in the Bankruptcy Court. The complaint named as defendants US Airways Group, Inc., US Airways, Inc., AMR and American, 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 November 27, 2013, the Bankruptcy Court denied plaintiffs' motion to preliminarily enjoin the Merger. On August 29, 2018, the Bankruptcy Court denied in part defendants' motion for summary judgment, and fully denied plaintiffs' cross-motion for summary judgment. The parties' evidentiary cases were presented before the Bankruptcy Court in a bench trial in March 2019. The parties submitted proposed findings of fact and conclusions of law and made closing arguments in April 2019, and they are awaiting the Bankruptcy Court's decision. American believes this lawsuit is without merit and intends to vigorously defend against the allegations.

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.

12. Impairment

Long-lived Assets

Accounting Standards Codification (ASC) 360 - Property, Plant, and Equipment (ASC 360) requires long-lived assets to be assessed for impairment when events and circumstances indicate that the assets may be impaired. Long-lived assets consist of owned flight and ground equipment, ROU assets and definite-lived intangible assets such as certain domestic airport slots and gate leasehold rights, customer relationships and marketing agreements.

As previously discussed, in the first nine months of 2020, American's operations, liquidity and stock price were significantly impacted by decreased passenger demand and government travel restrictions due to COVID-19. Additionally, American decided to retire certain mainline aircraft earlier than planned including Airbus A330-200, Boeing 757, Boeing 767, Airbus A330-300 and Embraer 190 aircraft as well as regional aircraft, including certain Embraer 140 and Bombardier CRJ200 aircraft. As a result of these events and circumstances, in each of the first three quarters of 2020, American performed impairment tests on its long-lived assets in connection with the preparation of American's financial statements.

In accordance with ASC 360, an impairment of a long-lived asset or group of long-lived assets exists only when the sum of the estimated undiscounted future cash flows expected to be generated directly by the assets are less than the carrying value of the assets. American groups assets principally by fleet-type when estimating future cash flows, which is generally the lowest level for which identifiable cash flows exist. Estimates of future cash flows are based on historical results adjusted to reflect management’s best estimate of future market and operating conditions, including American's current fleet plan.

As a result of the impairment tests performed on American's long-lived assets, American determined the sum of the estimated undiscounted future cash flows exceeded the $41.5 billion carrying value for its long-lived assets except for the aircraft being retired earlier than planned as discussed above. For those aircraft and certain related spare parts, American recorded impairment charges reflecting the difference between the carrying values of these assets and their fair values of $714 million and $1.5 billion for the three and nine months ended September 30, 2020, respectively. Fair value reflects management’s best estimate including inputs from published pricing guides and bids from third parties as well as contracted sales agreements when applicable. Due to the inherent uncertainties of the current operating environment, American will continue to evaluate its current fleet (including aircraft in temporary storage) and may decide to permanently retire additional aircraft.

Goodwill and Indefinite-lived Intangible Assets

ASC 350 - Intangibles - Goodwill and Other (ASC 350) requires goodwill and indefinite-lived intangible assets to be assessed for impairment annually or more frequently if events or circumstances indicate that the fair values of goodwill and indefinite-lived intangible assets may be lower than their carrying values. Goodwill represents the purchase price in excess of the fair value of the net assets acquired and liabilities assumed in connection with the merger of AAG with US Airways Group, Inc. American has one reporting unit. Indefinite-lived intangible assets consist of certain domestic airport slots and international slots and route authorities.

In each of the first three quarters of 2020, American performed interim impairment tests on its goodwill and indefinite-lived intangible assets as a result of the events and circumstances previously discussed due to the impact of COVID-19 on its business. In accordance with ASC 350, for goodwill, American performed a quantitative analysis by using a market approach. Under the market approach, the fair value of the reporting unit was determined based on quoted market prices for equity and the fair value of debt as described in Note 6. The fair value exceeded the carrying value of the reporting unit, and American's $4.1 billion of goodwill was not impaired.

Additionally, American performed interim qualitative impairment tests on its $1.8 billion of indefinite-lived intangible assets and determined there was no material impairment.

As discussed above, due to the inherent uncertainties of the current operating environment, American will continue to evaluate its goodwill and indefinite-lived intangible assets for events or circumstances that indicate that their fair values may be lower than their carrying values.

13. Subsequent Events

On October 21, 2020, American and AAG entered into a Restatement Agreement (the Treasury Loan Restatement Agreement) to the Treasury Loan Agreement. The Treasury Loan Restatement Agreement increased the commitment under the Treasury Term Loan Facility to $7.5 billion, representing an increase of approximately $2.0 billion beyond the approximately $5.5 billion of commitment under the Treasury Term Loan Facility as of the date of execution of the Treasury Loan Agreement. No additional borrowing was made by American on October 21, 2020 in connection with the entry into the Treasury Loan Restatement Agreement. Due to the increase in the commitment under the Treasury Term Loan Facility to $7.5 billion, AAG may now issue up to an aggregate of approximately 60.0 million Treasury Loan Warrant Shares, assuming the Treasury Term Loan Facility, as amended by the Restatement Agreement, is fully drawn.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Part I, Item 2 of this report should be read in conjunction with Part II, Item 7 of AAG's and American's Annual Report on Form 10-K for the year ended December 31, 2019 (the 2019 Form 10-K). The information contained herein is not a comprehensive discussion and analysis of the financial condition and results of operations of AAG and American, but rather updates disclosures made in the 2019 Form 10-K.

Financial Overview

Impact of Coronavirus (COVID-19)

COVID-19 has been declared a global health pandemic by the World Health Organization. COVID-19 has surfaced in nearly all regions of the world, which has driven the implementation of significant, government-imposed measures to prevent or reduce its spread, including travel restrictions, closing of borders, "shelter in place" orders and business closures. As a result, we have experienced an unprecedented decline in the demand for air travel, which has resulted in a material deterioration in our revenues. While our business performed largely as expected in January and February of 2020, a severe reduction in air travel starting in March 2020 resulted in our total operating revenues decreasing approximately 20% in the first quarter of 2020, 86% in the second quarter of 2020 and 73% in the third quarter of 2020 as compared to the first, second and third quarters of 2019, respectively. While the length and severity of the reduction in demand due to COVID-19 is uncertain, we expect our results of operations for the remainder of 2020 to be severely impacted.

We have taken aggressive actions to mitigate the effect of COVID-19 on our business including deep capacity reductions, structural changes to our fleet, cost reductions, and steps to preserve cash and improve our overall liquidity position. We remain extremely focused on taking all self-help measures available to manage our business during this unprecedented time, consistent with the terms of the financial assistance we have received from the U.S. Government under the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

Capacity Reductions

We have significantly reduced our capacity (as measured by available seat miles), with the third quarter of 2020 flying decreased by 59% year-over-year and fourth quarter of 2020 flying expected to decrease by more than 50% year-over-year, with long-haul international capacity down approximately 75% year-over-year. The demand environment continues to be uncertain as COVID-19 cases have continued to fluctuate in jurisdictions to which we fly and travel restrictions have generally remained in place. Due to this uncertainty, we will continue to adjust our future capacity to match developing trends in bookings for future travel and make further adjustments to our capacity as needed.

We also announced changes to our international schedule for winter 2020 through summer 2021. We expect our summer 2021 long-haul international capacity to be down 25% compared to 2019, and also plan to exit 19 international routes from six hubs. These changes will allow us to reset our international network for future growth as demand returns.

Fleet

To better align our network with lower passenger demand, we accelerated the retirement of Airbus A330-200, Boeing 757, Boeing 767, Airbus A330-300 and Embraer 190 fleets as well as certain regional aircraft, including certain Embraer 140 and Bombardier CRJ200 aircraft. These retirements remove complexity from our operation and bring forward cost savings and efficiencies associated with operating fewer aircraft types. See Note 13 to AAG's Condensed Consolidated Financial Statements in Part I, Item 1A for further information on the accounting for our fleet retirements. Due to the inherent uncertainties of the current operating environment, we will continue to evaluate our current fleet and may decide to permanently retire additional aircraft. In addition, we have placed a number of Boeing 737-800 and certain regional aircraft into temporary storage.

Cost Reductions

We are moving quickly to better align our costs with our reduced schedule. In aggregate, we estimate that we have reduced our 2020 operating and capital expenditures by approximately $17.0 billion. These savings have been achieved primarily through capacity reductions. In addition, we have implemented a series of actions, including the accelerated fleet retirements discussed above as well as reductions in maintenance expense and non-aircraft capital expenditures through less fleet modification work, the elimination of ground service equipment purchases and pausing all non-critical facility

investments and information technology projects. We have also suspended all non-essential hiring, paused non-contractual pay rate increases, reduced executive and board of director compensation, implemented voluntary leave and early retirement programs, decreased our management and support staff team, including officers, by approximately 5,100 positions, or 30%, and, as necessary, undertaken furloughs, to reduce our labor costs consistent with our obligations under the CARES Act. In total, more than 20,000 team members have opted for an early retirement or long-term paid leave and approximately 19,000 team members were furloughed starting October 1, 2020. Additionally, we have made reductions in marketing, contractor, event and training expenses as well as consolidated space at airport facilities.

Liquidity

At September 30, 2020, we had $13.6 billion in total available liquidity, consisting of $8.3 billion in unrestricted cash and short-term investments, $4.9 billion in an undrawn term loan facility under the CARES Act and $400 million in an undrawn short-term revolving facility.

During the first nine months of 2020, we completed the following financing transactions (see Note 6 to AAG's Condensed Consolidated Financial Statements in Part I, Item 1A for further information):

- refinanced the $1.2 billion 2014 Term Loan Facility at a lower interest rate and extended the maturity from 2021 to 2027;
- raised $1.0 billion from a senior secured delayed draw term loan credit facility;
- issued $500 million in aggregate principal amount of 3.75% unsecured senior notes due 2025 and repaid $500 million of 4.625% unsecured senior notes that matured in March 2020;
- borrowed $750 million under the 2013 Revolving Facility, $1.6 billion under the 2014 Revolving Facility and $450 million under the April 2016 Revolving Facility;
- issued $1.0 billion in aggregate principal amount of 6.50% convertible senior notes due 2025;
- issued 85.2 million shares of AAG common stock at a price of $13.50 per share pursuant to a public offering of common stock for net proceeds of $1.1 billion;
- issued $2.5 billion in aggregate principal amount of 11.75% senior secured notes due 2025 and repaid the $1.0 billion senior secured delayed draw term loan credit facility that we borrowed in March 2020;
- issued approximately $360 million in special facility revenue bonds, of which $47 million was used to fund the redemption of certain outstanding bonds;
- entered into a $5.5 billion secured term loan facility with the U.S. Department of Treasury (Treasury) (the Treasury Loan Agreement), of which we borrowed $550 million;
- issued $1.2 billion in aggregate principal amount of two series of 10.75% senior secured notes due 2026 secured by various collateral;
- raised $392 million from aircraft sale-leaseback transactions; and
- raised $323 million from enhanced equipment trust certificates (EETCs) and other aircraft and flight equipment financings, of which $17 million was used to repay existing indebtedness.

In addition to the foregoing financings, we were initially approved to receive an aggregate of $5.8 billion in financial assistance to be paid in installments through the payroll support program (Payroll Support Program) under the CARES Act, all of which was received by the end of July 2020. On September 30, 2020, we received an additional installment of $168 million for a total aggregate of $6.0 billion of such financial assistance and, as a result, the promissory note (the PSP Promissory Note) previously issued to Treasury for $1.7 billion was revised upwards to $1.8 billion in aggregate principal amount and warrants to purchase up to an aggregate of approximately 13.7 million shares of AAG common stock were revised upwards to 14.1 million shares (the PSP Warrant Shares) of AAG common stock. See Note 1 to AAG's Condensed Consolidated Financial Statements in Part I, Item 1A for further discussion on the Payroll Support Program.

Also, we are permitted to, and will, defer payment of the employer portion of Social Security taxes through the end of 2020 (with 50% of the deferred amount due December 31, 2021 and the remaining 50% due December 31, 2022). This deferral is expected to provide approximately $300 million in additional liquidity during 2020. Additionally, we have

suspended our capital return program, including share repurchases and the payment of future dividends for at least the period that the restrictions imposed by the CARES Act are applicable.

We continue to evaluate future financing opportunities and work with third-party appraisers on valuations of our remaining unencumbered assets.

Certain of our debt financing agreements 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 and/or contain loan to value and debt service coverage ratio covenants.

Given the above actions and our assumptions about the future impact of COVID-19 on travel demand, which could be materially different due to the inherent uncertainties of the current operating environment, we expect to meet our cash obligations as well as remain in compliance with the debt covenants in our existing financing agreements for the next 12 months based on our current level of unrestricted cash and short-term investments, our anticipated access to liquidity (including via proceeds from financings and funds from government assistance obtained pursuant to the CARES Act) and projected cash flows from operations.

AAG's Third Quarter 2020 Results

The selected financial data presented below is derived from AAG's unaudited condensed consolidated financial statements included in Part I, Item 1A of this report and should be read in conjunction with those financial statements and the related notes thereto.

	Three Months Ended September 30,			
	2020	2019	Decrease	Percent Decrease
	(In millions, except percentage changes)			
Passenger revenue	$ 2,540	$ 10,995	$ (8,455)	(76.9)
Cargo revenue	207	208	(1)	(0.4)
Other operating revenue	426	708	(282)	(39.9)
Total operating revenues	3,173	11,911	(8,738)	(73.4)
Mainline and regional aircraft fuel and related taxes	611	2,474	(1,863)	(75.3)
Salaries, wages and benefits	2,705	3,219	(514)	(16.0)
Total operating expenses	6,044	11,103	(5,059)	(45.6)
Operating income (loss)	(2,871)	808	(3,679)	nm [2]
Pre-tax income (loss)	(3,095)	557	(3,652)	nm
Income tax provision (benefit)	(696)	132	(828)	nm
Net income (loss)	(2,399)	425	(2,824)	nm
Pre-tax income (loss) – GAAP	$ (3,095)	$ 557	$ (3,652)	nm
Adjusted for: Pre-tax net special items [1]	(540)	278	(818)	nm
Pre-tax income (loss) excluding net special items	$ (3,635)	$ 835	$ (4,470)	nm

[1] See below *"Reconciliation of GAAP to Non-GAAP Financial Measures"* and Note 2 to AAG's Condensed Consolidated Financial Statements in Part I, Item 1A for details on the components of net special items.

[2] Not meaningful or greater than 100% change.

Pre-Tax Income (Loss) and Net Income (Loss)

Pre-tax loss and net loss were $3.1 billion and $2.4 billion, respectively, in the third quarter of 2020. This compares to third quarter 2019 pre-tax income and net income of $557 million and $425 million, respectively. The quarter-over-quarter decrease in our pre-tax income was principally driven by lower revenues as a result of a decline in passenger demand and government travel restrictions related to the outbreak and spread of COVID-19. This decline in revenues was offset in part by a decrease in expenses due to our reduced schedule and cost reduction actions described above. Additionally, we recognized $540 million of net special credits during the third quarter of 2020 driven principally by the Payroll Support Program financial assistance (the PSP Financial Assistance), offset in part by severance expenses and fleet impairment charges. See Notes 1 and 2 to AAG's Condensed Consolidated Financial Statements in Part I, Item 1A for further information on the PSP Financial Assistance and net special items, respectively.

Excluding the effects of pre-tax net special items, pre-tax loss was $3.6 billion in the third quarter of 2020 and pre-tax income was $835 million in the third quarter of 2019. The quarter-over-quarter decrease in our pre-tax income excluding pre-tax net special items was principally driven by lower revenues and decreased expenses due to our reduced schedule and cost reduction actions as described above.

Revenue

In the third quarter of 2020, we reported total operating revenues of $3.2 billion, a decrease of $8.7 billion, or 73.4%, as compared to the third quarter of 2019. Passenger revenue was $2.5 billion in the third quarter of 2020, a decrease of $8.5 billion, or 76.9%, as compared to the third quarter of 2019. The decrease in passenger revenue in the third quarter of 2020 was due to a decline in passenger demand and government travel restrictions related to COVID-19, resulting in a 72.1% quarter-over-quarter decrease in revenue passenger miles (RPMs) and a 26.7 point decrease in passenger load factor.

Cargo revenue decreased $1 million, or 0.4%, as compared to the third quarter of 2019, primarily due to an 83.6% increase in yield as a result of rate increases which was offset by a 45.8% decrease in cargo ton miles reflecting declines in freight volumes, principally as a result of international schedule reductions.

Other operating revenue decreased $282 million, or 39.9%, as compared to the third quarter of 2019, driven primarily by lower revenue associated with our loyalty program and airport clubs.

Our total revenue per available seat mile (TRASM) was 10.31 cents in the third quarter of 2020, a 34.4% decrease as compared to 15.71 cents in the third quarter of 2019.

Fuel

Our mainline and regional fuel expense totaled $611 million in the third quarter of 2020, which was $1.9 billion, or 75.3%, lower as compared to the third quarter of 2019. This decrease was primarily driven by a 58.7% decrease in gallons of fuel consumed as a result of lower capacity and a 40.1% decrease in the average price per gallon of aircraft fuel including related taxes to $1.23 in the third quarter of 2020 from $2.05 in the third quarter of 2019.

As of September 30, 2020, we did not have any fuel hedging contracts outstanding to hedge our fuel consumption. 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. Although spot prices for oil and jet fuel are presently very low by historical standards, we do not currently view the market opportunities to hedge fuel prices as attractive because, among other things, the forward curve for the purchase of such products, or hedges related to such products, is very steep, any hedging would potentially require significant capital or collateral to be placed at risk, and our future fuel needs remain unclear due to uncertainties regarding air travel demand. 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.

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: general economic conditions and the price of fuel. In particular, the COVID-19 pandemic has resulted in a very rapid deterioration in general economic conditions.

Our 2020 third quarter total cost per available seat mile (CASM) was 19.64 cents, an increase of 34.2%, from 14.64 cents in the third quarter of 2019. Lower than planned capacity in the third quarter of 2020 due to decreased passenger demand and government travel restrictions related to COVID-19 drove the increase in our CASM, offset in part by the PSP Financial Assistance recognized in the third quarter of 2020.

Our 2020 third quarter CASM excluding net special items and fuel was 19.34 cents, as compared to 11.07 cents in the third quarter of 2019. The increase was primarily driven by lower capacity in the third quarter of 2020 as described above.

For a reconciliation of CASM to total CASM excluding net special items and fuel, see below *"Reconciliation of GAAP to Non-GAAP Financial Measures."*

Reconciliation of GAAP to Non-GAAP Financial Measures

We sometimes use financial measures that are derived from the condensed consolidated financial statements but that are not presented in accordance with GAAP to understand and evaluate our current operating performance and to allow for period-to-period comparisons. We believe these non-GAAP financial measures may also provide useful information to investors and others. These non-GAAP measures may not be comparable to similarly titled non-GAAP measures of other companies, and should be considered in addition to, and not as a substitute for or superior to, any measure of performance, cash flow or liquidity prepared in accordance with GAAP. We are providing a reconciliation of reported non-GAAP financial measures to their comparable financial measures on a GAAP basis.

The following table presents the reconciliation of pre-tax income (loss) (GAAP measure) to pre-tax income (loss) excluding net special items (non-GAAP measure). Management uses this non-GAAP financial measure to evaluate our current operating performance and to allow for period-to-period comparisons. As net special items may vary from period-to-period in nature and amount, the adjustment to exclude net special items allows management an additional tool to understand our core operating performance.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
	(In millions)			
Reconciliation of Pre-Tax Income (Loss) Excluding Net Special Items:				
Pre-tax income (loss) - GAAP	$ (3,095)	$ 557	$ (8,644)	$ 1,685
Pre-tax net special items [(1)]:				
Operating special items, net	(519)	234	(966)	493
Nonoperating special items, net	(21)	44	207	43
Total pre-tax net special items	(540)	278	(759)	536
Pre-tax income (loss) excluding net special items	$ (3,635)	$ 835	$ (9,403)	$ 2,221

[(1)] See Note 2 to AAG's Condensed Consolidated Financial Statements in Part I, Item 1A for further information on net special items.

Additionally, the table below presents the reconciliation of total operating expenses (GAAP measure) to total operating costs excluding net special items and fuel (non-GAAP measure). Management uses total operating costs excluding net special items and aircraft fuel to evaluate our current operating performance and for period-to-period comparisons. The price of fuel, over which we have no control, impacts the comparability of period-to-period financial performance. The adjustment to exclude aircraft fuel and net special items allows management an additional tool to understand and analyze our non-fuel costs and core operating performance. Amounts may not recalculate due to rounding.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Reconciliation of Total Operating Costs per Available Seat Mile (CASM) Excluding Net Special Items and Fuel:				
(In millions)				
Total operating expenses - GAAP	$ 6,044	$ 11,103	$ 21,215	$ 32,119
Operating net special items [1]:				
Mainline operating special items, net	295	(228)	657	(487)
Regional operating special items, net	224	(6)	309	(6)
Fuel:				
Aircraft fuel and related taxes - mainline	(453)	(1,989)	(2,065)	(5,710)
Aircraft fuel and related taxes - regional	(158)	(485)	(638)	(1,395)
Total operating expenses, excluding net special items and fuel	$ 5,952	$ 8,395	$ 19,478	$ 24,521
Total Available Seat Miles (ASM)	30,768	75,820	109,948	214,816
(In cents)				
Total operating CASM	19.64	14.64	19.30	14.95
Operating net special items per ASM [1]:				
Mainline operating special items, net	0.96	(0.30)	0.60	(0.23)
Regional operating special items, net	0.73	(0.01)	0.28	—
Fuel per ASM:				
Aircraft fuel and related taxes - mainline	(1.47)	(2.62)	(1.88)	(2.66)
Aircraft fuel and related taxes - regional	(0.51)	(0.64)	(0.58)	(0.65)
Total operating CASM, excluding net special items and fuel	19.34	11.07	17.72	11.41

[1] See Note 2 to AAG's Condensed Consolidated Financial Statements in Part I, Item 1A for further information on net special items.

AAG's Results of Operations

Operating Statistics

The table below sets forth selected operating data for the three and nine months ended September 30, 2020 and 2019. Amounts may not recalculate due to rounding.

	Three Months Ended September 30,		Increase (Decrease)	Nine Months Ended September 30,		Increase (Decrease)
	2020	2019		2020	2019	
Revenue passenger miles (millions) [a]	18,121	64,874	(72.1) %	70,523	182,334	(61.3) %
Available seat miles (millions) [b]	30,768	75,820	(59.4) %	109,948	214,816	(48.8) %
Passenger load factor (percent) [c]	58.9	85.6	(26.7) pts	64.1	84.9	(20.8) pts
Yield (cents) [d]	14.01	16.95	(17.3) %	16.06	17.37	(7.5) %
Passenger revenue per available seat mile (cents) [e]	8.25	14.50	(43.1) %	10.30	14.74	(30.1) %
Total revenue per available seat mile (cents) [f]	10.31	15.71	(34.4) %	12.11	16.04	(24.5) %
Aircraft at end of period [g]	1,381	1,552	(11.0) %	1,381	1,552	(11.0) %
Fuel consumption (gallons in millions)	499	1,209	(58.7) %	1,745	3,420	(49.0) %
Average aircraft fuel price including related taxes (dollars per gallon)	1.23	2.05	(40.1) %	1.55	2.08	(25.4) %
Full-time equivalent employees at end of period	110,500	131,900	(16.2) %	110,500	131,900	(16.2) %
Operating cost per available seat mile (cents) [h]	19.64	14.64	34.2 %	19.30	14.95	29.1 %

[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 revenue divided by ASMs.

[f] Total revenue per available seat mile (TRASM) – Total revenues divided by ASMs.

[g] Includes aircraft owned and leased by American as well as aircraft operated by third-party regional carriers under capacity purchase agreements. Excludes 12 mainline and 29 regional aircraft that are in temporary storage as follows: 13 Embraer 175, 12 Boeing 737-800, seven Embraer 140, six Embraer 145 and three Bombardier CRJ900 aircraft.

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

Three Months Ended September 30, 2020 Compared to Three Months Ended September 30, 2019

As discussed above, our results of operations for the three months ended September 30, 2020 were significantly impacted by COVID-19. As a result, the comparison of these results to the three months ended September 30, 2019 are largely not meaningful. Refer to the "Financial Overview" above for discussion of our third quarter of 2020 financial results and the impact of COVID-19 on our business.

Operating Revenues

	Three Months Ended September 30,			
	2020	2019	Decrease	Percent Decrease
	(In millions, except percentage changes)			
Passenger	$ 2,540	$ 10,995	$ (8,455)	(76.9)
Cargo	207	208	(1)	(0.4)
Other	426	708	(282)	(39.9)
Total operating revenues	$ 3,173	$ 11,911	$ (8,738)	(73.4)

This table presents our passenger revenue and the quarter-over-quarter change in certain operating statistics:

		Decrease vs. Three Months Ended September 30, 2019				
	Three Months Ended September 30, 2020	RPMs	ASMs	Load Factor	Passenger Yield	PRASM
	(In millions)					
Passenger revenue	$ 2,540	(72.1)%	(59.4)%	(26.7) pts	(17.3)%	(43.1)%

Total operating revenues in the third quarter of 2020 decreased $8.7 billion, or 73.4%, from the third quarter of 2019, primarily due to a decline in passenger demand and government travel restrictions related to COVID-19.

Operating Expenses

	Three Months Ended September 30,			
	2020	2019	Increase (Decrease)	Percent Increase (Decrease)
	(In millions, except percentage changes)			
Aircraft fuel and related taxes	$ 453	$ 1,989	$ (1,536)	(77.2)
Salaries, wages and benefits	2,705	3,219	(514)	(16.0)
Maintenance, materials and repairs	337	610	(273)	(44.7)
Other rent and landing fees	367	530	(163)	(30.8)
Aircraft rent	336	335	1	0.2
Selling expenses	70	424	(354)	(83.5)
Depreciation and amortization	498	499	(1)	(0.3)
Mainline operating special items, net	(295)	228	(523)	nm
Other	659	1,336	(677)	(50.7)
Regional expenses:				
Aircraft fuel and related taxes	158	485	(327)	(67.4)
Other	756	1,448	(692)	(47.8)
Total operating expenses	$ 6,044	$ 11,103	$ (5,059)	(45.6)

Total operating expenses decreased $5.1 billion, or 45.6%, in the third quarter of 2020 from the third quarter of 2019 due to our reduced schedule and cost reduction actions as described in the "Financial Overview" above.

Operating Special Items, Net

	Three Months Ended September 30,	
	2020	2019
	(In millions)	
PSP Financial Assistance [1]	$ (1,908)	$ —
Severance expenses [2]	871	—
Fleet impairment [3]	742	201
Fleet restructuring expenses [4]	—	72
Litigation reserve adjustments	—	(53)
Merger integration expenses	—	29
Mark-to-market adjustments on bankruptcy obligations, net [5]	—	(22)
Other operating special items, net	—	1
Mainline operating special items, net	(295)	228
PSP Financial Assistance [1]	(228)	—
Severance expenses [2]	4	—
Other operating special items, net	—	6
Regional operating special items, net	(224)	6
Operating special items, net	$ (519)	$ 234

(1) PSP Financial Assistance represents recognition of a portion of financial assistance received from Treasury pursuant to the Payroll Support Program Agreement (PSP Agreement). See Note 1 to AAG's Condensed Consolidated Financial Statements in Part I, Item 1A for further information.

(2) Severance expenses principally include salary and medical costs associated with certain team members who opted in to voluntary early retirement programs offered as a result of reductions to our operation due to COVID-19. These expenses in the three months ended September 30, 2020 also include salary and medical costs associated with team members who were notified in the third quarter of 2020 they were being involuntarily furloughed starting October 1, 2020, subsequent to the expiration of the Payroll Support Program requirement against involuntary furloughs. Cash payments related to these charges for the three months ended September 30, 2020 were approximately $120 million.

(3) Fleet impairment resulted from our decision to retire certain aircraft earlier than planned driven by the decline in air travel due to COVID-19. See Note 13 to AAG's Condensed Consolidated Financial Statements in Part I, Item 1A for further information related to these charges.

The three months ended September 30, 2020 included a $709 million non-cash write-down of Airbus A330-200 aircraft and spare parts and $33 million in cash charges primarily for lease return and other costs.

(4) Fleet restructuring expenses principally included accelerated depreciation and rent expense for aircraft and related equipment expected to be retired earlier than planned.

(5) Bankruptcy obligations that will be settled in shares of our common stock are marked-to-market based on our stock price.

Nonoperating Results

	Three Months Ended September 30,		Increase (Decrease)	Percent Increase (Decrease)
	2020	2019		
	(In millions, except percentage changes)			
Interest income	$ 5	$ 34	$ (29)	(84.9)
Interest expense, net	(340)	(284)	(56)	19.6
Other income (expense), net	111	(1)	112	nm
Total nonoperating expense, net	$ (224)	$ (251)	$ 27	(10.8)

Interest income decreased in the third quarter of 2020 compared to the third quarter of 2019 primarily as a result of lower returns on our short-term investments. Interest expense, net increased in the third quarter of 2020 compared to the third quarter of 2019 primarily due to the issuance of debt.

In the third quarter of 2020, other nonoperating income, net included $84 million of non-service related pension and other postretirement benefit plan income and $21 million of net special credits principally for mark-to-market unrealized gains associated with our equity investment in China Southern Airlines Company Limited (China Southern Airlines).

In the third quarter of 2019, other nonoperating expense, net included $44 million of net special charges principally for mark-to-market unrealized losses associated with our equity investment in China Southern Airlines and certain treasury rate lock derivative instruments, offset in part by $47 million of non-service related pension and other postretirement benefit plan income.

The increase in non-service related pension and other postretirement benefit plan income in the third quarter of 2020 as compared to the third quarter of 2019 is principally due to an increase in the expected return on pension plan assets.

Income Taxes

In the third quarter of 2020, we recorded an income tax benefit of $696 million. Substantially all of our income or loss before income taxes is attributable to the United States.

See Note 7 to AAG's Condensed Consolidated Financial Statements in Part I, Item 1A for additional information on income taxes.

Nine Months Ended September 30, 2020 Compared to Nine Months Ended September 30, 2019

As discussed above, our results of operations for the nine months ended September 30, 2020 were significantly impacted by COVID-19. As a result, the comparison of these results to the nine months ended September 30, 2019 are largely not meaningful. Refer to the "Financial Overview" above for discussion of our first nine months of 2020 financial results and the impact of COVID-19 on our business.

Operating Revenues

	Nine Months Ended September 30,		Decrease	Percent Decrease
	2020	2019		
	(In millions, except percentage changes)			
Passenger	$ 11,328	$ 31,663	$ (20,335)	(64.2)
Cargo	484	647	(163)	(25.1)
Other	1,497	2,145	(648)	(30.2)
Total operating revenues	$ 13,309	$ 34,455	$ (21,146)	(61.4)

This table presents our passenger revenue and the period-over-period change in certain operating statistics:

	Nine Months Ended September 30, 2020	Decrease vs. Nine Months Ended September 30, 2019				
		RPMs	ASMs	Load Factor	Passenger Yield	PRASM
	(In millions)					
Passenger revenue	$ 11,328	(61.3)%	(48.8)%	(20.8) pts	(7.5)%	(30.1) %

Total operating revenues in the first nine months of 2020 decreased $21.1 billion, or 61.4%, from the first nine months of 2019, primarily due to a decline in passenger demand and government travel restrictions related to COVID-19.

Operating Expenses

	Nine Months Ended September 30,		Increase (Decrease)	Percent Increase (Decrease)
	2020	2019		
	(In millions, except percentage changes)			
Aircraft fuel and related taxes	$ 2,065	$ 5,710	$ (3,645)	(63.8)
Salaries, wages and benefits	8,384	9,509	(1,125)	(11.8)
Maintenance, materials and repairs	1,253	1,745	(492)	(28.2)
Other rent and landing fees	1,149	1,568	(419)	(26.7)
Aircraft rent	1,004	996	8	0.8
Selling expenses	418	1,194	(776)	(65.0)
Depreciation and amortization	1,557	1,469	88	6.0
Mainline operating special items, net	(657)	487	(1,144)	nm
Other	2,404	3,859	(1,455)	(37.7)
Regional expenses:				
Aircraft fuel and related taxes	638	1,395	(757)	(54.2)
Other	3,000	4,187	(1,187)	(28.3)
Total operating expenses	$ 21,215	$ 32,119	$ (10,904)	(33.9)

Total operating expenses decreased $10.9 billion, or 33.9%, in the first nine months of 2020 from the first nine months of 2019 due to our reduced schedule and cost reduction actions as described in the "Financial Overview" above.

Depreciation and amortization increased $88 million, or 6.0%, in the first nine months of 2020 from the first nine months of 2019 due in part to accelerated depreciation for certain aircraft and related equipment expected to be retired earlier than planned. Depreciation associated with facility improvements also contributed to the increase.

Operating Special Items, Net

	Nine Months Ended September 30,	
	2020	2019
	(In millions)	
PSP Financial Assistance [1]	$ (3,710)	$ —
Fleet impairment [2]	1,484	201
Severance expenses [3]	1,408	—
Labor contract expenses [4]	228	—
Mark-to-market adjustments on bankruptcy obligations, net [5]	(49)	(18)
Fleet restructuring expenses [6]	—	232
Litigation reserve adjustments	—	(53)
Merger integration expenses	—	106
Other operating special items, net	(18)	19
Mainline operating special items, net	(657)	487
PSP Financial Assistance [1]	(444)	—
Fleet impairment [2]	117	—
Severance expenses [3]	18	—
Other operating special items, net	—	6
Regional operating special items, net	(309)	6
Operating special items, net	$ (966)	$ 493

(1) PSP Financial Assistance represents recognition of a portion of financial assistance received from Treasury pursuant to the PSP Agreement. See Note 1 to AAG's Condensed Consolidated Financial Statements in Part I, Item 1A for further information.

(2) Fleet impairment resulted from our decision to retire certain aircraft earlier than planned driven by the decline in air travel due to COVID-19. Aircraft retired include Airbus A330-200, Boeing 757, Boeing 767, Airbus A330-300, Embraer 190, certain Embraer 140 and Bombardier CRJ200 aircraft. See Note 13 to AAG's Condensed Consolidated Financial Statements in Part I, Item 1A for further information related to these charges.

The nine months ended September 30, 2020 included a $1.5 billion non-cash write-down of mainline and regional aircraft and spare parts and $109 million in cash charges primarily for impairment of right-of-use (ROU) assets and lease return costs.

(3) Severance expenses principally include salary and medical costs associated with certain team members who opted in to voluntary early retirement programs offered as a result of reductions to our operation due to COVID-19. These expenses also include salary and medical costs associated with team members who were notified in the third quarter of 2020 they were being involuntarily furloughed starting October 1, 2020, subsequent to the expiration of the Payroll Support Program requirement against involuntary furloughs. Cash payments related to these charges for the nine months ended September 30, 2020 were approximately $170 million.

(4) Labor contract expenses primarily relate to one-time charges resulting from the ratification of a new contract with the Transport Workers Union and International Association of Machinists & Aerospace Workers (TWU-IAM Association) for our maintenance and fleet service team members, including signing bonuses and adjustments to vacation accruals resulting from pay rate increases.

(5) Bankruptcy obligations that will be settled in shares of our common stock are marked-to-market based on our stock price.

(6) Fleet restructuring expenses principally included accelerated depreciation and rent expense for aircraft and related equipment expected to be retired earlier than planned.

Nonoperating Results

	Nine Months Ended September 30,		Increase (Decrease)	Percent Increase (Decrease)
	2020	2019		
	(In millions, except percentage changes)			
Interest income	$ 36	$ 103	$ (67)	(64.9)
Interest expense, net	(851)	(830)	(21)	2.6
Other income, net	77	76	1	1.2
Total nonoperating expense, net	$ (738)	$ (651)	$ (87)	13.4

Interest income decreased in the first nine months of 2020 compared to the first nine months of 2019 primarily as a result of lower returns on our short-term investments. Interest expense, net increased in the first nine months of 2020 compared to the first nine months of 2019 primarily due to the issuance of debt and lower capitalized interest offset in part by lower interest expense on our variable-rate debt.

In the first nine months of 2020, other nonoperating income, net included $290 million of non-service related pension and other postretirement benefit plan income. This income was offset in part by $207 million of net special charges principally for mark-to-market unrealized losses associated with our equity investment in China Southern Airlines and certain treasury rate lock derivative instruments and $20 million of net foreign currency losses, primarily associated with losses from Latin American currencies.

In the first nine months of 2019, other nonoperating income, net principally included $137 million of non-service related pension and other postretirement benefit plan income. This income was offset in part by $43 million of net special charges principally for mark-to-market unrealized losses associated with our equity investment in China Southern Airlines and certain treasury rate lock derivative instruments and $24 million of net foreign currency losses, primarily associated with losses from Latin American currencies.

The increase in non-service related pension and other postretirement benefit plan income in the first nine months of 2020 as compared to the first nine months of 2019 is principally due to an increase in the expected return on pension plan assets.

Income Taxes

In the first nine months of 2020, we recorded an income tax benefit of $1.9 billion. Substantially all of our income or loss before income taxes is attributable to the United States.

See Note 7 to AAG's Condensed Consolidated Financial Statements in Part I, Item 1A for additional information on income taxes.

American's Results of Operations

Three Months Ended September 30, 2020 Compared to Three Months Ended September 30, 2019

As discussed above, American's results of operations for the three months ended September 30, 2020 were significantly impacted by COVID-19. As a result, the comparison of these results to the three months ended September 30, 2019 are largely not meaningful. Refer to the "Financial Overview" above for discussion of American's third quarter of 2020 financial results and the impact of COVID-19 on American's business.

Operating Revenues

	Three Months Ended September 30,		Decrease	Percent Decrease
	2020	2019		
	(In millions, except percentage changes)			
Passenger	$ 2,540	$ 10,995	$ (8,455)	(76.9)
Cargo	207	208	(1)	(0.4)
Other	425	707	(282)	(39.8)
Total operating revenues	$ 3,172	$ 11,910	$ (8,738)	(73.4)

Total operating revenues in the third quarter of 2020 decreased $8.7 billion, or 73.4%, from the third quarter of 2019, primarily due to a decline in passenger demand and government travel restrictions related to COVID-19.

Operating Expenses

	Three Months Ended September 30,		Increase (Decrease)	Percent Increase (Decrease)
	2020	2019		
	(In millions, except percentage changes)			
Aircraft fuel and related taxes	$ 453	$ 1,989	$ (1,536)	(77.2)
Salaries, wages and benefits	2,704	3,217	(513)	(16.0)
Maintenance, materials and repairs	337	610	(273)	(44.7)
Other rent and landing fees	367	530	(163)	(30.8)
Aircraft rent	336	335	1	0.2
Selling expenses	70	424	(354)	(83.5)
Depreciation and amortization	498	499	(1)	(0.3)
Mainline operating special items, net	(295)	228	(523)	nm
Other	659	1,337	(678)	(50.7)
Regional expenses:				
Aircraft fuel and related taxes	158	485	(327)	(67.4)
Other	694	1,428	(734)	(51.4)
Total operating expenses	$ 5,981	$ 11,082	$ (5,101)	(46.0)

Total operating expenses decreased $5.1 billion, or 46.0%, in the third quarter of 2020 from the third quarter of 2019 due to American's reduced schedule and cost reduction actions as described in the "Financial Overview" above.

Operating Special Items, Net

	Three Months Ended September 30,	
	2020	2019
	(In millions)	
PSP Financial Assistance [1]	$ (1,908)	$ —
Severance expenses [2]	871	—
Fleet impairment [3]	742	201
Fleet restructuring expenses [4]	—	72
Litigation reserve adjustments	—	(53)
Merger integration expenses	—	29
Mark-to-market adjustments on bankruptcy obligations, net [5]	—	(22)
Other operating special items, net	—	1
Mainline operating special items, net	(295)	228
PSP Financial Assistance [1]	(228)	—
Regional operating special items, net	(228)	—
Operating special items, net	$ (523)	$ 228

[1] PSP Financial Assistance represents recognition of a portion of financial assistance received from Treasury pursuant to the PSP Agreement. See Note 1 to American's Condensed Consolidated Financial Statements in Part I, Item 1B for further information.

[2] Severance expenses principally include salary and medical costs associated with certain team members who opted in to voluntary early retirement programs offered as a result of reductions to American's operation due to COVID-19. These expenses in the three months ended September 30, 2020 also include salary and medical costs associated

with team members who were notified in the third quarter of 2020 they were being involuntarily furloughed starting October 1, 2020, subsequent to the expiration of the Payroll Support Program requirement against involuntary furloughs. Cash payments related to these charges for the three months ended September 30, 2020 were approximately $120 million.

(3) Fleet impairment resulted from American's decision to retire certain aircraft earlier than planned driven by the decline in air travel due to COVID-19. See Note 12 to American's Condensed Consolidated Financial Statements in Part I, Item 1B for further information related to these charges.

The three months ended September 30, 2020 included a $709 million non-cash write-down of Airbus A330-200 aircraft and spare parts and $33 million in cash charges primarily for lease return and other costs.

(4) Fleet restructuring expenses principally included accelerated depreciation and rent expense for aircraft and related equipment expected to be retired earlier than planned.

(5) Bankruptcy obligations that will be settled in shares of AAG common stock are marked-to-market based on AAG's stock price.

Nonoperating Results

	Three Months Ended September 30,		Increase (Decrease)	Percent Increase (Decrease)
	2020	2019		
	(In millions, except percentage changes)			
Interest income	$ 72	$ 131	$ (59)	(44.9)
Interest expense, net	(310)	(281)	(29)	10.2
Other income (expense), net	111	(10)	121	nm
Total nonoperating expense, net	$ (127)	$ (160)	$ 33	(20.7)

Interest income decreased in the third quarter of 2020 compared to the third quarter of 2019 primarily as a result of lower returns on American's short-term investments and lower interest-bearing related party receivables from American's parent company, AAG. Interest expense, net increased in the third quarter of 2020 compared to the third quarter of 2019 primarily due to the issuance of debt.

In the third quarter of 2020, other nonoperating income, net included $84 million of non-service related pension and other postretirement benefit plan income and $21 million of net special credits principally for mark-to-market unrealized gains associated with American's equity investment in China Southern Airlines.

In the third quarter of 2019, other nonoperating expense, net included $52 million of net special charges principally for mark-to-market unrealized losses associated with American's equity investment in China Southern Airlines and certain treasury rate lock derivative instruments, offset in part by $47 million of non-service related pension and other postretirement benefit plan income.

The increase in non-service related pension and other postretirement benefit plan income in the third quarter of 2020 as compared to the third quarter of 2019 is principally due to an increase in the expected return on pension plan assets.

Income Taxes

American is part of the AAG consolidated income tax return.

In the third quarter of 2020, American recorded an income tax benefit of $660 million. Substantially all of American's income or loss before income taxes is attributable to the United States.

See Note 5 to American's Condensed Consolidated Financial Statements in Part I, Item 1B for additional information on income taxes.

Nine Months Ended September 30, 2020 Compared to Nine Months Ended September 30, 2019

As discussed above, American's results of operations for the nine months ended September 30, 2020 were significantly impacted by COVID-19. As a result, the comparison of these results to the nine months ended September 30, 2019 are largely not meaningful. Refer to the "Financial Overview" above for discussion of American's first nine months of 2020 financial results and the impact of COVID-19 on American's business.

Operating Revenues

	Nine Months Ended September 30,			
	2020	2019	Decrease	Percent Decrease
	(In millions, except percentage changes)			
Passenger	$ 11,328	$ 31,663	$ (20,335)	(64.2)
Cargo	484	647	(163)	(25.1)
Other	1,496	2,139	(643)	(30.0)
Total operating revenues	$ 13,308	$ 34,449	$ (21,141)	(61.4)

Total operating revenues in the first nine months of 2020 decreased $21.1 billion, or 61.4%, from the first nine months of 2019, primarily due to a decline in passenger demand and government travel restrictions related to COVID-19.

Operating Expenses

	Nine Months Ended September 30,			
	2020	2019	Increase (Decrease)	Percent Increase (Decrease)
	(In millions, except percentage changes)			
Aircraft fuel and related taxes	$ 2,065	$ 5,710	$ (3,645)	(63.8)
Salaries, wages and benefits	8,380	9,503	(1,123)	(11.8)
Maintenance, materials and repairs	1,253	1,745	(492)	(28.2)
Other rent and landing fees	1,149	1,568	(419)	(26.7)
Aircraft rent	1,004	996	8	0.8
Selling expenses	418	1,194	(776)	(65.0)
Depreciation and amortization	1,557	1,469	88	6.0
Mainline operating special items, net	(657)	487	(1,144)	nm
Other	2,425	3,860	(1,435)	(37.2)
Regional expenses:				
Aircraft fuel and related taxes	638	1,395	(757)	(54.2)
Other	2,862	4,221	(1,359)	(32.2)
Total operating expenses	$ 21,094	$ 32,148	$ (11,054)	(34.4)

Total operating expenses decreased $11.1 billion, or 34.4%, in the first nine months of 2020 from the first nine months of 2019 due to American's reduced schedule and cost reduction actions as described in the "Financial Overview" above.

Depreciation and amortization increased $88 million, or 6.0%, in the first nine months of 2020 from the first nine months of 2019 due in part to accelerated depreciation for certain aircraft and related equipment expected to be retired earlier than planned. Depreciation associated with facility improvements also contributed to the increase.

Operating Special Items, Net

	Nine Months Ended September 30,	
	2020	2019
	(In millions)	
PSP Financial Assistance [1]	$ (3,710)	$ —
Fleet impairment [2]	1,484	201
Severance expenses [3]	1,408	—
Labor contract expenses [4]	228	—
Mark-to-market adjustments on bankruptcy obligations, net [5]	(49)	(18)
Fleet restructuring expenses [6]	—	232
Litigation reserve adjustments	—	(53)
Merger integration expenses	—	106
Other operating special items, net	(18)	19
Mainline operating special items, net	(657)	487
PSP Financial Assistance [1]	(444)	—
Fleet impairment [2]	106	—
Regional operating special items, net	(338)	—
Operating special items, net	$ (995)	$ 487

[1] PSP Financial Assistance represents recognition of a portion of financial assistance received from Treasury pursuant to the PSP Agreement. See Note 1 to American's Condensed Consolidated Financial Statements in Part I, Item 1B for further information.

[2] Fleet impairment resulted from American's decision to retire certain aircraft earlier than planned driven by the decline in air travel due to COVID-19. Aircraft retired include Airbus A330-200, Boeing 757, Boeing 767, Airbus A330-300, Embraer 190, certain Embraer 140 and Bombardier CRJ200 aircraft. See Note 12 to American's Condensed Consolidated Financial Statements in Part I, Item 1B for further information related to these charges.

The nine months ended September 30, 2020 included a $1.5 billion non-cash write-down of mainline and regional aircraft and spare parts and $109 million in cash charges primarily for impairment of ROU assets and lease return costs.

[3] Severance expenses principally include salary and medical costs associated with certain team members who opted in to voluntary early retirement programs offered as a result of reductions to American's operation due to COVID-19. These expenses also include salary and medical costs associated with team members who were notified in the third quarter of 2020 they were being involuntarily furloughed starting October 1, 2020, subsequent to the expiration of the Payroll Support Program requirement against involuntary furloughs. Cash payments related to these charges for the nine months ended September 30, 2020 were approximately $170 million.

[4] Labor contract expenses primarily relate to one-time charges resulting from the ratification of a new contract with the TWU-IAM Association for American's maintenance and fleet service team members, including signing bonuses and adjustments to vacation accruals resulting from pay rate increases.

[5] Bankruptcy obligations that will be settled in shares of AAG common stock are marked-to-market based on AAG's stock price.

[6] Fleet restructuring expenses principally included accelerated depreciation and rent expense for aircraft and related equipment expected to be retired earlier than planned.

Nonoperating Results

	Nine Months Ended September 30,		Increase (Decrease)	Percent Increase (Decrease)
	2020	2019		
	(In millions, except percentage changes)			
Interest income	$ 268	$ 389	$ (121)	(31.1)
Interest expense, net	(825)	(835)	10	(1.2)
Other income, net	78	69	9	13.2
Total nonoperating expense, net	$ (479)	$ (377)	$ (102)	26.9

Interest income decreased in the first nine months of 2020 compared to the first nine months of 2019 primarily as a result of lower returns on American's short-term investments and lower interest-bearing related party receivables from American's parent company, AAG. Interest expense, net decreased in the first nine months of 2020 compared to the first nine months of 2019 primarily due to the issuance of debt and lower capitalized interest offset in part by lower interest expense on American's variable-rate debt.

In the first nine months of 2020, other nonoperating income, net included $290 million of non-service related pension and other postretirement benefit plan income. This income was offset in part by $207 million of net special charges principally for mark-to-market unrealized losses associated with American's equity investment in China Southern Airlines and certain treasury rate lock derivative instruments and $20 million of net foreign currency losses, primarily associated with losses from Latin American currencies.

In the first nine months of 2019, other nonoperating income, net principally included $138 million of non-service related pension and other postretirement benefit plan income. This income was offset in part by $51 million of net special charges principally for mark-to-market unrealized losses associated with American's equity investment in China Southern Airlines and certain treasury rate lock derivative instruments and $24 million of net foreign currency losses, primarily associated with losses from Latin American currencies.

The increase in non-service related pension and other postretirement benefit plan income in the first nine months of 2020 as compared to the first nine months of 2019 is principally due to an increase in the expected return on pension plan assets.

Income Taxes

American is part of the AAG consolidated income tax return.

In the first nine months of 2020, American recorded an income tax benefit of $1.9 billion. Substantially all of American’s income or loss before income taxes is attributable to the United States.

See Note 5 to American’s Condensed Consolidated Financial Statements in Part I, Item 1B for additional information on income taxes.

Liquidity and Capital Resources

Liquidity

As of September 30, 2020, AAG had approximately $13.6 billion in total available liquidity and $508 million in restricted cash and short-term investments. Additional detail regarding our available liquidity is provided in the table below (in millions):

	AAG		American	
	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019
Cash	$ 253	$ 280	$ 243	$ 267
Short-term investments	8,031	3,546	8,029	3,543
Undrawn credit facilities	5,327	3,243	5,327	3,243
Total available liquidity	$ 13,611	$ 7,069	$ 13,599	$ 7,053

Given the actions we have taken in response to COVID-19 and our assumptions about its future impact on travel demand, which could be materially different due to the inherent uncertainties of the current operating environment, we expect to meet our cash obligations as well as remain in compliance with the debt covenants in our existing financing agreements for the next 12 months based on our current level of unrestricted cash and short-term investments, our anticipated access to liquidity (including via proceeds from financings and funds from government assistance obtained pursuant to the CARES Act) and projected cash flows from operations.

Share Repurchase Programs and Cash Dividends

During the nine months ended September 30, 2020, we repurchased 6.4 million shares of AAG common stock for $145 million at a weighted average cost per share of $22.77, all of which were purchased in the first quarter of 2020.

In January 2020, our Board of Directors declared a cash dividend of $0.10 per share for stockholders of record as of February 5, 2020 and paid on February 19, 2020, totaling $43 million.

We have suspended our capital return program, including share repurchases and the payment of future dividends. In connection with our receipt of financial assistance under the Payroll Support Program, we agreed not to repurchase shares of or make dividend payments in respect of AAG common stock through September 30, 2021. As of September 30, 2020, we also entered into the Treasury Loan Agreement, and, as a result, we will be prohibited from repurchasing shares of AAG common stock and paying dividends on AAG common stock through the date that is one year after the secured loan provided under the Treasury Loan Agreement is fully repaid.

Certain Covenants

Certain of our debt financing agreements (including our secured notes, term loans, revolving credit facilities and spare engine EETCs) contain loan to value ratio covenants and require us to appraise the related collateral annually or semiannually. Pursuant to such agreements, if the loan to value ratio exceeds a specified threshold or the value of the appraised collateral fails to meet a specified threshold, as the case may be, we are required, as applicable, to pledge additional qualifying collateral (which in some cases may include cash or investment securities), or pay down such financing, in whole or in part. As of the most recent applicable measurement dates, we were in compliance with each of the foregoing collateral coverage tests. Additionally, certain of our debt financing agreements 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, and our Treasury Term Loan Facility contains a debt service coverage ratio, pursuant to which failure to comply with a certain threshold may result in mandatory prepayment of the Treasury Term Loan Facility.

Sources and Uses of Cash

AAG

Operating Activities

Our net cash used in operating activities was $3.7 billion for the first nine months of 2020 as compared to net cash provided by operating activities of $3.2 billion for the first nine months of 2019. The $6.9 billion period-over-period decrease in operating cash flows was primarily due to a net loss in the first nine months of 2020. The net loss was primarily driven by lower revenues as a result of a decline in passenger demand and government travel restrictions related to the outbreak and spread of COVID-19, offset in part by a decrease in expenses due to our reduced schedule and cost reduction actions. Additionally, we received cash proceeds of $4.2 billion in the first nine months of 2020 associated with the PSP Financial Assistance. In the first nine months of 2020, we also recorded a $1.4 billion special charge for salary and medical costs associated with certain team members who opted in to voluntary early retirement programs as well as team members who were involuntarily furloughed starting October 1, 2020. Approximately $170 million of this charge has been paid to team members in the first nine months of 2020. We expect cash payments under these programs of approximately $200 million in the fourth quarter of 2020 and approximately $600 million in 2021 with the remaining payments in 2022 and beyond.

Investing Activities

Our net cash used in investing activities was $6.0 billion and $2.9 billion for the first nine months of 2020 and 2019, respectively.

Our principal investing activities in the first nine months of 2020 included $4.5 billion in net purchases of short-term investments, expenditures of $1.8 billion for property and equipment, including 10 Airbus 321neo aircraft, three Embraer 175 aircraft and three Bombardier CRJ900 aircraft as well as a $317 million increase in restricted short-term investments primarily related to cash proceeds from special facility revenue bonds. These cash outflows were offset in part by $433 million of proceeds primarily from aircraft sale-leaseback transactions and $251 million of proceeds from the sale of property and equipment.

Our principal investing activities in the first nine months of 2019 included expenditures of $3.1 billion for property and equipment, including 15 Embraer 175 aircraft, eight Bombardier CRJ900 aircraft, six Airbus 321neo aircraft, four Boeing 737 MAX aircraft and two Boeing 787 Family aircraft, and $354 million in net purchases of short-term investments. These cash outflows were offset in part by $629 million of proceeds primarily from aircraft sale-leaseback transactions.

Financing Activities

Our net cash provided by financing activities was $9.7 billion for the first nine months of 2020 as compared to net cash used in financing activities of $296 million for the first nine months of 2019.

Our principal financing activities in the first nine months of 2020 included $11.6 billion in proceeds from the issuance of debt and $1.5 billion in proceeds from the issuance of equity. These proceeds principally include $2.8 billion borrowed under the 2014 Revolving Facility, the 2013 Revolving Facility and the April 2016 Revolving Facility, $2.5 billion in aggregate principal amount of 11.75% senior secured notes, $1.8 billion in aggregate principal amount under the PSP Promissory Note, $1.2 billion in aggregate principal amount of two series of 10.75% senior secured notes due 2026, $1.0 billion in aggregate principal amount of AAG's 6.50% convertible senior notes, $1.0 billion under the Delayed Draw Term Loan Credit Facility, $550 million under the Treasury Term Loan Facility, $500 million in aggregate principal amount of 3.75% unsecured senior notes due 2025 and the $360 million issuance of special facility revenue bonds as well as $1.1 billion of net proceeds from a public offering of common stock. These cash inflows were offset in part by $3.0 billion in debt repayments, consisting of approximately $2.0 billion in scheduled debt repayments, including repayment of $500 million of 4.625% senior notes, and the prepayment of the $1.0 billion Delayed Draw Term Loan Credit Facility, as well as $173 million in share repurchases (which occurred in the first quarter of 2020), $132 million of deferred financing costs and $43 million in dividend payments (which occurred in the first quarter of 2020).

Our principal financing activities in the first nine months of 2019 included $2.8 billion in debt repayments, consisting of $1.7 billion in scheduled debt repayments and the prepayment of $1.1 billion of secured loans. We also had $825 million in share repurchases and $135 million in dividend payments. These cash outflows were offset in part by $3.6 billion in net proceeds from the issuance of debt, including the issuance of $750 million aggregate principal amount of 5.000% senior notes and the financing of certain aircraft and spare engines.

American

Operating Activities

American's net cash used in operating activities was $90 million for the first nine months of 2020 as compared to net cash provided by operating activities of $2.9 billion for the first nine months of 2019. The $3.0 billion period-over-period decrease in operating cash flows was primarily due to a net loss in the first nine months of 2020, offset in part by intercompany cash receipts from AAG's financing transactions. The net loss was primarily driven by lower revenues as a result of a decline in passenger demand and government travel restrictions related to the outbreak and spread of COVID-19, offset in part by a decrease in expenses due to American's reduced schedule and cost reduction actions. Additionally, American received cash proceeds of $3.7 billion in the first nine months of 2020 associated with the PSP Financial Assistance. In the first nine months of 2020, American also recorded a $1.4 billion special charge for salary and medical costs associated with certain team members who opted in to voluntary early retirement programs as well as team members who were involuntarily furloughed starting October 1, 2020. Approximately $170 million of this charge has been paid to team members in the first nine months of 2020. American expects cash payments under these programs of approximately $200 million in the fourth quarter of 2020 and approximately $600 million in 2021 with the remaining payments in 2022 and beyond.

Investing Activities

American's net cash used in investing activities was $6.0 billion and $2.8 billion for the first nine months of 2020 and 2019, respectively.

American's principal investing activities in the first nine months of 2020 included $4.5 billion in net purchases of short-term investments, expenditures of $1.8 billion for property and equipment, including 10 Airbus 321neo aircraft, three Embraer 175 aircraft and three Bombardier CRJ900 aircraft as well as a $317 million increase in restricted short-term investments primarily related to cash proceeds from special facility revenue bonds. These cash outflows were offset in part by $433 million of proceeds primarily from aircraft sale-leaseback transactions and $251 million of proceeds from the sale of property and equipment.

American's principal investing activities in the first nine months of 2019 included expenditures of $3.0 billion for property and equipment, including 15 Embraer 175 aircraft, eight Bombardier CRJ900 aircraft, six Airbus 321neo aircraft, four Boeing 737 MAX aircraft and two Boeing 787 Family aircraft, and $354 million in net purchases of short-term investments. These cash outflows were offset in part by $629 million of proceeds primarily from aircraft sale-leaseback transactions.

Financing Activities

American's net cash provided by financing activities was $6.1 billion for the first nine months of 2020 as compared to net cash used in financing activities of $76 million for the first nine months of 2019.

American's principal financing activities in the first nine months of 2020 included $8.7 billion in proceeds from the issuance of debt, including $2.8 billion borrowed under the 2014 Revolving Facility, the 2013 Revolving Facility and the April 2016 Revolving Facility, $2.5 billion in aggregate principal amount of 11.75% senior secured notes, $1.2 billion in aggregate principal amount of two series of 10.75% senior secured notes due 2026, $1.0 billion under the Delayed Draw Term Loan Credit Facility, $550 million under the Treasury Term Loan Facility and the $360 million issuance of special facility revenue bonds. These cash inflows were offset in part by $2.5 billion in debt repayments, consisting of approximately $1.5 billion in scheduled debt repayments and the prepayment of the $1.0 billion Delayed Draw Term Loan Credit Facility, as well as $122 million of deferred financing costs.

American's principal financing activities in the first nine months of 2019 included $2.8 billion in debt repayments, consisting of $1.7 billion in scheduled debt repayments and the prepayment of $1.1 billion of secured loans, offset in part by $2.8 billion in net proceeds from the issuance of debt for the financing of certain aircraft and spare engines.

Commitments

Significant Indebtedness

As of September 30, 2020, AAG had $33.0 billion in long-term debt, including current maturities of $2.6 billion. As of September 30, 2020, American had $28.9 billion in long-term debt, including current maturities of $2.6 billion. All material changes in our significant indebtedness since our 2019 Form 10-K are discussed in Note 6 to AAG's Condensed Consolidated Financial Statements in Part I, Item 1A and Note 4 to American's Condensed Consolidated Financial Statements in Part I, Item 1B.

Aircraft and Engine Purchase Commitments

As of September 30, 2020, we had definitive purchase agreements with Airbus, Boeing and Embraer for the acquisition of the following mainline and regional aircraft [(1)]:

	Remainder of 2020	2021	2022	2023	2024	2025 and Thereafter	Total
Airbus							
A320 Family [(2)]	6	16	26	8	22	20	98
Boeing							
737 MAX Family [(3)]	8	18	10	—	—	40	76
787 Family	7	13	—	6	6	13	45
Embraer							
E175	6	5	—	—	—	—	11
Total	27	52	36	14	28	73	230

[(1)] Delivery schedule represents our best estimate as of the date of this report. Actual delivery dates are subject to change based on many potential factors including production delays by the manufacturer.

(2) In October 2019, the Office of the U.S. Trade Representative announced a 10% tariff on new Airbus aircraft imported from Europe. Effective March 18, 2020, this tariff rate increased to 15%. We continue to take every effort to mitigate the effect of these tariffs on our Airbus deliveries. See Part II, 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.*"

(3) On March 13, 2019, a directive from the Federal Aviation Administration (FAA) grounded all U.S.-registered Boeing 737 MAX aircraft. Our fleet currently includes 24 Boeing 737 MAX aircraft with an additional 76 on order. We have removed all Boeing 737 MAX aircraft flying from our flight schedule through December 29, 2020 and continue to assess this timeline. In addition, we have not taken delivery of any Boeing 737 MAX Family aircraft since the grounding. The extent of the delay to the scheduled deliveries of the Boeing 737 MAX aircraft included in the table above is expected to be impacted by the length of time the FAA order remains in place, Boeing's production rate and the pace at which Boeing can deliver aircraft following the lifting of the FAA order, among other factors. The above table reflects our estimate of future Boeing 737 MAX aircraft deliveries based on information currently available to us; however, the actual delivery schedule may differ from the table above, potentially materially.

We also have agreements for 30 spare engines to be delivered in 2020 and beyond.

We currently have financing commitments in place for all aircraft on order and scheduled to be delivered through 2020. Additionally, we have financing commitments in place for 44 aircraft scheduled to be delivered in 2021: 16 Airbus A320 Family aircraft, 13 Boeing 787 Family aircraft, 10 Boeing 737 MAX Family aircraft and five Embraer 175 aircraft. Our ability to draw on the financing commitments we have in place is subject to (1) the satisfaction of various terms and conditions, including in some cases, on our acquisition of the aircraft by a certain date and the lifting of the grounding directive from the FAA of the Boeing 737 MAX aircraft by a certain date and (2) the performance by the counterparty providing such financing commitments of its obligations thereunder. We do not have financing commitments in place for the remaining eight Boeing 737 MAX Family aircraft scheduled to be delivered in 2021, however, we do have rights to defer these eight Boeing 737 MAX Family aircraft from 2021 to 2023. In addition, we also have rights to defer to 2023-2024 the 10 Boeing 737 MAX Family aircraft currently scheduled to be delivered in 2022. See Part II, Item 1A. Risk Factors – *"We will need to obtain sufficient financing or other capital to operate successfully"* for additional discussion.

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.

There have been no material changes in our off-balance sheet arrangements as discussed in our 2019 Form 10-K.

Labor Contracts

On March 26, 2020, a new five-year joint collective bargaining agreement was ratified between us and the TWU-IAM Association. The new agreement will significantly increase the cost of providing compensation and benefits to our mainline maintenance and fleet service team members.

Contractual Obligations

The following table provides details of our future cash contractual obligations as of September 30, 2020 (in millions). Except to the extent set forth in the applicable accompanying footnotes, 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						
	Remainder of 2020	2021	2022	2023	2024	2025 and Thereafter	Total
American							
Long-term debt:							
Principal amount [a], [c]	$ 614	$ 2,609	$ 1,653	$ 4,142	$ 4,381	$ 15,545	$ 28,944
Interest obligations [b], [c]	191	1,156	1,057	985	885	1,513	5,787
Finance lease obligations	36	128	132	110	116	171	693
Aircraft and engine purchase commitments [d]	441	866	1,669	1,518	2,531	4,768	11,793
Operating lease commitments	539	1,974	1,828	1,651	1,270	4,710	11,972
Regional capacity purchase agreements [e]	228	1,192	1,555	1,570	1,582	4,743	10,870
Minimum pension obligations [f]	130	564	607	618	654	413	2,986
Retiree medical and other postretirement benefits	6	18	18	17	29	265	353
Other purchase obligations [g]	674	2,134	1,223	895	260	1,104	6,290
Total American Contractual Obligations	2,859	10,641	9,742	11,506	11,708	33,232	79,688
AAG Parent and Other AAG Subsidiaries							
Long-term debt:							
Principal amount [a]	—	2	752	2	2	3,281	4,039
Interest obligations [b]	20	142	122	103	102	366	855
Operating lease commitments	3	14	13	10	7	20	67
Minimum pension obligations [f]	3	4	4	4	5	13	33
Total AAG Contractual Obligations	$ 2,885	$ 10,803	$ 10,633	$ 11,625	$ 11,824	$ 36,912	$ 84,682

[a] Amounts represent contractual amounts due. Excludes $337 million and $443 million of unamortized debt discount, premium and issuance costs as of September 30, 2020 for American and AAG Parent, respectively. For additional information, see Note 6 and Note 4 to AAG's and American's Condensed Consolidated Financial Statements in Part I, Items 1A and 1B, respectively.

[b] For variable-rate debt, future interest obligations are estimated using the current forward rates at September 30, 2020.

[c] Includes $11.1 billion of future principal payments and $2.0 billion of future interest payments as of September 30, 2020, related to EETCs associated with mortgage financings of certain aircraft and spare engines.

[d] See "*Aircraft and Engine Purchase Commitments*" in Part I, Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations for additional information about the firm commitment aircraft delivery schedule, in particular the footnotes to the table thereunder as to potential changes to such delivery schedule. Due to uncertainty surrounding the timing of delivery of certain aircraft, the amounts in the table represent our current best estimate, including with respect to the delivery of Airbus A320 Family and Boeing 737 MAX aircraft; however, the actual delivery schedule may differ from the table above, potentially materially. Additionally, the amounts in the table exclude 20 787-8 aircraft to be delivered in 2020 and 2021 for which we have obtained committed lease financing. This financing is reflected in the operating lease commitments line above.

(e) 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. Rental payments under operating leases for certain aircraft flown under these capacity purchase agreements are reflected in the operating lease commitments line above.

(f) Includes minimum pension contributions based on actuarially determined estimates as of December 31, 2019 and is based on estimated payments through 2029. Pursuant to the CARES Act passed in March 2020, minimum required pension contributions to be made in the calendar year 2020 can be deferred to January 1, 2021, with interest accruing from the original due date to the new payment date. We expect to defer our $133 million 2020 minimum required contributions to January 1, 2021, which we intend to pay or otherwise satisfy on or prior to December 31, 2020.

(g) Includes purchase commitments for aircraft fuel, construction projects, flight equipment maintenance and information technology support.

Capital Raising Activity and Other Possible Actions

In light of the cash needs imposed by the current operating losses due to reduced demand in response to COVID-19 as well as our significant financial commitments related to, among other things, new flight equipment, the servicing and amortization of existing debt and equipment leasing arrangements, and pension funding obligations, we and our subsidiaries will regularly consider, and enter into negotiations related to, capital raising and liability management activity, which may include the entry into leasing transactions and future issuances of, and transactions designed to manage the timing and amount of, secured or unsecured debt obligations or additional equity securities in public or private offerings or otherwise. The cash available from operations (if any) and these sources, however, may not be sufficient to cover our cash 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 (in particular the ongoing global outbreak of COVID-19), natural disasters or other causes could reduce the demand for air travel, which would reduce the amount of cash generated by operations. See Part II, Item 1A. Risk Factors – *"The outbreak and global spread of COVID-19 has resulted in a severe decline in demand for air travel which has adversely impacted our business, operating results, financial condition and liquidity. The duration and severity of the COVID-19 pandemic, and similar public health threats that we may face in the future, could result in additional adverse effects on our business, operating results, financial condition and liquidity"* for additional discussion. 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, 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 or similar liquidity 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 6 and Note 4 to AAG's and American's Condensed Consolidated Financial Statements in Part I, Items 1A and 1B, respectively.

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, lease and other 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.

Critical Accounting Policies and Estimates

For information regarding our critical accounting policies and estimates, see disclosures in the Consolidated Financial Statements and accompanying notes contained in our 2019 Form 10-K and Note 13 and Note 12 to AAG’s and American’s Condensed Consolidated Financial Statements in Part I, Items 1A and 1B, respectively.

Recent Accounting Pronouncements

Accounting Standards Update (ASU) 2016-13: Measurement of Credit Losses on Financial Instruments

This ASU requires the use of an expected loss model for certain types of financial instruments and requires consideration of a broader range of reasonable and supportable information to calculate credit loss estimates. For trade receivables, loans and held-to-maturity debt securities, an estimate of lifetime expected credit losses is required. For available-for-sale debt securities, an allowance for credit losses will be required rather than a reduction to the carrying value of the asset. We adopted this accounting standard prospectively as of January 1, 2020, and it did not have a material impact on our condensed consolidated financial statements.

ASU 2020-06: Accounting for Convertible Instruments and Contracts In An Entity's Own Equity

This ASU simplifies the accounting for certain convertible instruments by removing the separation models for convertible debt with a cash conversion feature or convertible instruments with a beneficial conversion feature. As a result, more convertible debt instruments will be reported as a single liability instrument with no separate accounting for embedded conversion features. Additionally, this ASU amends the diluted earnings per share calculation for convertible instruments by requiring the use of the if-converted method. The treasury stock method is no longer available. Entities may adopt this ASU using either a full or modified retrospective approach, and it is effective for interim and annual reporting periods beginning after December 15, 2021. Early adoption is permitted for interim and annual reporting periods beginning after December 15, 2020. This ASU is applicable to our 6.50% convertible senior notes due 2025, and we are assessing the impact the adoption of this ASU will have on our condensed consolidated financial statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

AAG's and American's Market Risk Sensitive Instruments and Positions

Our primary market risk exposures include the price of aircraft fuel, foreign currency exchange rates and interest rate risk. Our exposure to these market risks has not changed materially from our exposure discussed in our 2019 Form 10-K except as updated below.

Aircraft Fuel

As of September 30, 2020, 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. Although spot prices for oil and jet fuel are presently very low by historical standards, we do not currently view the market opportunities to hedge fuel prices as attractive because, among other things, the forward curve for the purchase of such products, or hedges related to such products, is very steep, any hedging would potentially require significant capital or collateral to be placed at risk, and our future fuel needs remain unclear due to uncertainties regarding air travel demand. Based on our 2020 forecasted fuel consumption, we estimate that a one cent per gallon increase in the price of aircraft fuel would increase our 2020 annual fuel expense by $23 million.

Foreign Currency

We are exposed to the effect of foreign exchange rate fluctuations on the U.S. dollar value of foreign currency-denominated transactions. Our largest exposure comes from the British pound sterling, Euro, Canadian dollar and various Latin American currencies, primarily the Brazilian real. We do not currently have a foreign currency hedge program.

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 II, 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 affected by changes in interest rates due to the impact those changes have on our interest expense from variable-rate debt instruments and our interest income from short-term, interest-bearing

investments. If annual interest rates increase 100 basis points, based on our September 30, 2020 variable-rate debt and short-term investments balances, annual interest expense on variable rate debt would increase by approximately $130 million and annual interest income on short-term investments would increase by approximately $80 million.

On July 27, 2017, the U.K. Financial Conduct Authority (the authority that regulates LIBOR) announced that it intends to stop compelling banks to submit rates for the calculation of LIBOR after 2021. It is unclear whether new methods of calculating LIBOR will be established such that it continues to exist after 2021. Similarly, it is not possible to predict whether LIBOR will continue to be viewed as an acceptable market benchmark, what rate or rates may become acceptable alternatives to LIBOR, or what effect these changes in views or alternatives may have on financial markets for LIBOR-linked financial instruments. While the U.S. Federal Reserve, in conjunction with the Alternative Reference Rates Committee, is considering replacing U.S. dollar LIBOR with a newly created index, calculated based on repurchase agreements backed by Treasury securities, we cannot currently predict whether this index will gain widespread acceptance as a replacement for LIBOR. It is not possible to predict the effect of these changes, other reforms or the establishment of alternative reference rates in the United Kingdom, the United States or elsewhere.

We may in the future pursue amendments to our LIBOR-based debt transactions to provide for a transaction mechanism or other reference rate in anticipation of LIBOR's discontinuation, but we may not be able to reach agreement with our lenders on any such amendments. As of September 30, 2020, we had $12.8 billion of borrowings based on LIBOR. The replacement of LIBOR with a comparable or successor rate could cause the amount of interest payable on our long-term debt to be different or higher than expected.

ITEM 4. CONTROLS AND PROCEDURES

Management's Evaluation of Disclosure Controls and Procedures

The term "disclosure controls and procedures" is defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (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's rules and forms, and is accumulated and communicated to management, including the Chief Executive Officer (CEO) and Chief Financial Officer (CFO), as appropriate to allow timely decisions regarding required disclosure. An evaluation of the effectiveness of AAG's and American's disclosure controls and procedures as of September 30, 2020 was performed under the supervision and with the participation of AAG's and American's management, including AAG's and American's CEO and 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 September 30, 2020 at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

For the quarter ended September 30, 2020, there have been no changes in AAG's or American's internal control over financial reporting that have materially affected, or are 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, as noted above, the CEO and CFO of AAG and American believe that our disclosure controls and procedures were effective at the reasonable assurance level as of September 30, 2020.

PART II: OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Chapter 11 Cases. On November 29, 2011, AMR Corporation (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 acquisition of US Airways Group, Inc. (US Airways Group) by AMR (the Merger).

Pursuant to rulings of the Bankruptcy Court, the Plan established a disputed claims reserve (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. The shares of AAG common stock issued to the Disputed Claims Reserve were originally issued on December 13, 2013 and have at all times since been included in the number of shares issued and outstanding as reported from time to time in our quarterly and annual reports, including for calculating earnings per common share. As disputed claims are resolved, the claimants receive distributions of shares from the Disputed Claims Reserve. We are not required to distribute additional shares above the limits contemplated by the Plan, even if the shares remaining for distribution in the Disputed Claims Reserve are not sufficient to fully pay any additional allowed unsecured claims. If 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 and former convertible noteholders treated as stockholders under the Plan. In February 2020, 2.2 million shares of AAG common stock were distributed from the Disputed Claims Reserve. After giving effect to this distribution, as of September 30, 2020, the Disputed Claims Reserve held 4.8 million shares of AAG common stock.

Private Party Antitrust Action Related to Passenger Capacity. We, along with Delta Air Lines, Inc., Southwest Airlines Co., United Airlines, Inc. and, in the case of litigation filed in Canada, Air Canada, were named as defendants in approximately 100 putative class action lawsuits alleging unlawful agreements with respect to air passenger capacity. The U.S. lawsuits were consolidated in the Federal District Court for the District of Columbia (the DC Court). On June 15, 2018, we reached a settlement agreement with the plaintiffs in the amount of $45 million to resolve all class claims in the U.S. lawsuits. That settlement was approved by the DC Court on May 13, 2019, however three parties who objected to the settlement have appealed that decision to the United States Court of Appeals for the District of Columbia. We believe these appeals are without merit and intend to vigorously defend against them.

Private Party Antitrust Action Related to the Merger. On August 6, 2013, a lawsuit captioned Carolyn Fjord, et al., v. AMR Corporation, et al., was filed in the Bankruptcy Court. The complaint named as defendants US Airways Group, US Airways, Inc. (US Airways), AMR and American, 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 November 27, 2013, the Bankruptcy Court denied plaintiffs' motion to preliminarily enjoin the Merger. On August 29, 2018, the Bankruptcy Court denied in part defendants' motion for summary judgment, and fully denied plaintiffs' cross-motion for summary judgment. The parties' evidentiary cases were presented before the Bankruptcy Court in a bench trial in March 2019. The parties submitted proposed findings of fact and conclusions of law and made closing arguments in April 2019, and we are awaiting the Bankruptcy Court's decision. We believe this lawsuit is without merit and intend to vigorously defend against the allegations.

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 II, 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 1A. RISK FACTORS

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.

The outbreak and global spread of COVID-19 has resulted in a severe decline in demand for air travel which has adversely impacted our business, operating results, financial condition and liquidity. The duration and severity of the COVID-19 pandemic, and similar public health threats that we may face in the future, could result in additional adverse effects on our business, operating results, financial condition and liquidity.

The COVID-19 outbreak, along with the measures governments and private organizations worldwide have implemented in an attempt to contain the spread of this pandemic, has resulted in a severe decline in demand for air travel, which has adversely affected our business, operations and financial condition to an unprecedented extent. Measures ranging from travel restrictions, “shelter in place” and quarantine orders, limitations on public gatherings to cancellation of public events and many others have resulted in a precipitous decline in demand for both domestic and international business and leisure travel. In response to this material deterioration in demand, we have taken a number of aggressive actions to ameliorate our business, operations and financial condition. We have focused on reducing our capacity, making structural changes to our fleet, implementing cost reductions, preserving cash and improving our overall liquidity position. We have reduced our system-wide capacity and will continue to monitor conditions and to proactively evaluate and adjust our schedule to match demand. Additionally, we have determined to retire certain mainline aircraft earlier than planned, including Airbus A330-200, Boeing 757, Boeing 767, Airbus A330-300 and Embraer 190 aircraft as well as regional aircraft, including certain Embraer 140 and Bombardier CRJ200 aircraft, which we expect will allow us to be more efficient by reducing the number of sub-fleets we operate, and we have also placed a number of Boeing 737-800 aircraft, into temporary storage. We have moved quickly to attempt to better align our costs with our reduced schedule and made other cost-saving initiatives (including reductions in maintenance expense, marketing expense, event and training expenses, airport facilities expense, salaries and benefits expense, and other volume-related expense reductions, including fuel). Nonetheless, we incurred significant negative operating cash flow in the first nine months of 2020, we continue to do so, and we expect to continue to do so until there is a significant recovery in demand for air travel. The duration and severity of the COVID-19 pandemic remain uncertain, and there can be no assurance that these actions will suffice to sustain our business and operations through this pandemic. We expect our results of operations for fiscal 2020 to be materially impacted.

We have taken and will take additional actions to improve our financial position, including measures to improve liquidity, such as obtaining financial assistance under the CARES Act. We received approximately $6.0 billion in financial assistance from Treasury through the Payroll Support Program under the CARES Act as of September 30, 2020. In connection with the financial assistance we have received under the Payroll Support Program, we are required to comply with certain provisions of the CARES Act, including the requirement that funds provided pursuant to the Payroll Support Program be used exclusively for the continuation of payment of employee wages, salaries and benefits; the requirement against involuntary furloughs and reductions in employee pay rates and benefits through September 30, 2020; the requirement that certain levels of commercial air service be maintained; provisions prohibiting the repurchase of AAG’s common stock and the payment of common stock dividends through September 30, 2021; and restrictions on the payment of certain executive compensation until March 24, 2022. Additionally, under the Payroll Support Program, we and certain of our subsidiaries are subject to substantial and continuing reporting obligations. In addition, we received a secured loan from Treasury under the loan program pursuant to the CARES Act that is due in June 2025 and, as a result, the stock repurchase, dividend and executive compensation restrictions will remain in place through the date that is one year after such secured loan is fully repaid. The substance and duration of these restrictions may materially affect our operations, and we may not be successful in managing these impacts.

We intend to pursue the issuance of additional unsecured and secured debt securities, equity securities and equity-linked securities and/or the entry into additional bilateral and syndicated secured and/or unsecured credit facilities. There can be no assurance as to the timing of any such financing transactions, which may be in the near term, or that we will be able to obtain such additional financing on favorable terms, or at all. Any such actions could be conducted in the near term, may be material in nature, could result in the incurrence and issuance of significant additional indebtedness or equity and could impose significant covenants and restrictions to which we are not currently subject. The measures we have taken to reduce our expenditures and to improve our liquidity, and any other strategic actions that we may take in the future in response to COVID-19 may not be effective in offsetting decreased demand, and we may not be permitted to take certain strategic actions that we believe are beneficial if such strategic actions are in contravention of the requirements under the CARES Act, which could result in a material adverse effect on our business, operating results and financial condition.

The full extent of the ongoing impact of COVID-19 on our longer-term operational and financial performance will depend on future developments, many of which are outside our control, including the effectiveness of the mitigation strategies discussed above, the duration and spread of COVID-19, including any recurrence of the pandemic, and related travel advisories and restrictions, the impact of COVID-19 on overall long-term demand for air travel, the impact on demand and capacity which could result from government mandates on air service including, for instance, requirements for passengers to wear face coverings while traveling or have their temperature checked or have administered COVID-19 tests and other checks prior to entering an airport or boarding an airplane, or which would limit the number of seats that can be occupied on an aircraft to allow for social distancing, if our employees are unable to work because they are quarantined or sickened as a result of exposure to COVID-19, or if they are subject to additional governmental COVID-19 curfews or "shelter in place" health orders or similar restrictions, the impact of COVID-19 on the financial health and operations of our business partners and future governmental actions, all of which are highly uncertain and cannot be predicted. At this time, we are also not able to predict whether the COVID-19 pandemic will result in permanent changes to our customers' behavior, with such changes including but not limited to a permanent reduction in business travel as a result of increased usage of "virtual" and "teleconferencing" products and more broadly a general reluctance to travel by consumers, each of which could have a material impact on our business.

In addition, an outbreak of another disease or similar public health threat, or fear of such an event, that affects travel demand, travel behavior or travel restrictions could adversely impact our business, financial condition and operating results. Outbreaks of other diseases could also result in increased government restrictions and regulation, such as those actions described above or otherwise, which could adversely affect our operations.

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 business. In particular, the ongoing COVID-19 pandemic and associated decline in economic activity and increase in unemployment levels are expected to have a severe and prolonged effect on the global economy generally and, in turn, is expected to depress demand for air travel into the foreseeable future. Due to the uncertainty surrounding the duration and severity of this pandemic, we can provide no assurance as to when and at what pace demand for air travel will return to pre-pandemic levels, if at all. Accordingly, we cannot predict the ultimate impact of COVID-19 on our business, financial condition and results of operations. See also *"The outbreak and global spread of COVID-19 has resulted in a severe decline in demand for air travel which has adversely impacted our business, operating results, financial condition and liquidity. The duration and severity of the COVID-19 pandemic, and similar public health threats that we may face in the future, could result in additional adverse effects on our business, operating results, financial condition and liquidity"* and *"The airline industry is intensely competitive and dynamic."*

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

Our business plan contemplates continued significant investments related to modernizing our fleet, improving the experience of our customers and updating our facilities. Significant capital resources will be required to execute this plan. We estimate that, based on our commitments as of September 30, 2020, our planned aggregate expenditures for aircraft purchase commitments and certain engines on a consolidated basis for calendar years 2020-2024 would be approximately $8.0 billion. We may also require financing to refinance maturing obligations and to provide liquidity to fund other corporate requirements, in particular given the severe decline in revenue we have experienced as a result of

COVID-19. If needed to meet our liquidity needs, it may be difficult for us to raise additional capital on acceptable terms, or at all, due to, among other factors: our substantial level of existing indebtedness, particularly following the additional liquidity transactions completed and contemplated in response to the impact of COVID-19; our non-investment grade credit rating; market conditions; the availability of assets to use as collateral for loans or other indebtedness, which has been reduced significantly as a result of certain financing transactions we have undertaken since the beginning of 2020 and may be further reduced as we continue to seek significant additional liquidity; and the effect the COVID-19 pandemic has had on the global economy generally and the air transportation industry in particular. Accordingly, we will need substantial financing or other capital resources to finance such aircraft and engines and meet such other liquidity needs. If we are unable to arrange such financing 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 and engines or may seek to negotiate deferrals for such aircraft and engines with the applicable aircraft and engine manufacturers or otherwise defer corporate obligations. Depending on numerous factors applicable at the time we seek capital, 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, 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.

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 related to airport and other facilities, and substantial non-cancelable obligations under aircraft and related spare engine purchase agreements. Moreover, currently a very significant portion of our assets are pledged to secure our indebtedness. Our substantial indebtedness and other obligations, which are generally greater than the indebtedness and other obligations of our competitors, could have important consequences. For example, they may:

- make it more difficult for us to satisfy our obligations under our indebtedness;
- 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;
- 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;
- 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; and
- contain restrictive covenants that could, among other things:
    - limit our ability to merge, consolidate, sell assets, incur additional indebtedness, issue preferred stock, make investments and pay dividends; and
    - if breached, result in an event of default under our indebtedness.

In addition, in response to the travel restrictions, decreased demand and other effects the COVID-19 pandemic has had and is expected to have on our business, we have obtained and currently anticipate that it will be necessary to continue to

obtain a significant amount of additional financing in the near term from a variety of sources. Such financing may include the issuance of additional unsecured or secured debt securities, equity securities and equity-linked securities as well as additional bilateral and syndicated secured and/or unsecured credit facilities, among other items. There can be no assurance as to the timing of any such financing transactions, which may be in the near term, or that we will be able to obtain such additional financing on favorable terms, or at all. Any such actions could be conducted in the near term, may be material in nature, could result in the incurrence and issuance of significant additional indebtedness or equity and could impose significant covenants and restrictions to which we are not currently subject. In particular, in connection with the financial assistance we have received through the Payroll Support Program, we are required to comply with the relevant provisions of the CARES Act, including the requirement that funds provided pursuant to the Payroll Support Program be used exclusively for the continuation of payment of employee wages, salaries and benefits; the requirement against involuntary furloughs and reductions in employee pay rates and benefits, which expired effective October 1, 2020; the requirement that certain levels of commercial air service be maintained; provisions prohibiting the repurchase of AAG common stock and the payment of common stock dividends through September 30, 2021; and restrictions on the payment of certain executive compensation until March 24, 2022. In addition, we have entered into the Treasury Loan Agreement and, as a result, the stock repurchase, dividend and executive compensation restrictions will remain in place through the date that is one year after the secured loan provided under the Treasury Loan Agreement is fully repaid. Additionally, under the Payroll Support Program we and certain of our subsidiaries are subject to substantial and continuing reporting obligations. Moreover, as a result of the recent financing activities we have undertaken in response to the COVID-19 pandemic, the number of financings with respect to which such covenants and provisions apply has increased, thereby subjecting us to more substantial risk of cross-default and cross-acceleration in the event of breach, and additional covenants and provisions could become binding on us as we continue to seek additional liquidity.

The obligations discussed above, including those imposed as a result of the CARES Act and any additional financings we may be required to undertake as a result of the impact of COVID-19, could 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.

Further, a substantial portion of our long-term indebtedness bears interest at fluctuating interest rates, primarily based on the London interbank offered rate (LIBOR) for deposits of U.S. dollars. LIBOR tends to fluctuate based on general short-term interest rates, rates set by the U.S. Federal Reserve and other central banks, the supply of and demand for credit in the London interbank market and general economic conditions. 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 the interest rates applicable to our floating rate debt 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.

On July 27, 2017, the U.K. Financial Conduct Authority (the authority that regulates LIBOR) announced that it intends to stop compelling banks to submit rates for the calculation of LIBOR after 2021. It is unclear whether new methods of calculating LIBOR will be established such that it continues to exist after 2021. Similarly, it is not possible to predict whether LIBOR will continue to be viewed as an acceptable market benchmark, what rate or rates may become acceptable alternatives to LIBOR, or what effect these changes in views or alternatives may have on financial markets for LIBOR-linked financial instruments. While the U.S. Federal Reserve, in conjunction with the Alternative Reference Rates Committee, is considering replacing U.S. dollar LIBOR with a newly created index, calculated based on repurchase agreements backed by treasury securities, we cannot currently predict whether this index will gain widespread acceptance as a replacement for LIBOR. It is not possible to predict the effect of these changes, other reforms or the establishment of alternative reference rates in the United Kingdom, the United States or elsewhere. See also the discussion of interest rate risk in Part I, Item 3. Quantitative and Qualitative Disclosures about Market Risk – *"Interest."*

We may in the future pursue amendments to our LIBOR-based debt transactions to provide for a transaction mechanism or other reference rate in anticipation of LIBOR's discontinuation, but we may not be able to reach an agreement with our lenders on any such amendments. As of September 30, 2020, we had $12.8 billion of borrowings based on LIBOR. The replacement of LIBOR with a comparable or successor rate could cause the amount of interest payable on our long-term debt to be different or higher than expected.

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. Among other things, the CARES Act imposes significant restrictions on executive compensation, which will remain in place through the date that is one year after the secured loan provided under the Treasury Loan Agreement is fully repaid. Such restrictions, over time, will likely result in lower executive compensation in the airline industry than is prevailing in other industries which may present retention challenges in the case of executives presented with alternative, non-airline opportunities or with opportunities from airlines that are not subject to such restrictions because they never entered into such Treasury loans or have repaid their Treasury loans prior to us. 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.

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 carrier (including so-called ultra-low-cost carriers). Our revenues are sensitive to the actions of other carriers in many areas, including pricing, scheduling, capacity, fees (including cancellation, change and baggage fees), amenities, loyalty benefits 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 (such as the current one caused by the COVID-19 pandemic), as airlines under financial stress, or in bankruptcy, may institute pricing or fee structures intended to attract more customers to achieve near term survival at the expense of 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, are price sensitive and therefore tend not to be loyal to any one particular carrier. A number of these low-cost carriers have announced growth strategies including commitments to acquire significant numbers of new 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 are expected to continue to have an impact on our revenues and overall performance. We and several other large network carriers have implemented “Basic Economy” fares designed to more effectively compete against low-cost carriers, but we cannot predict whether these initiatives will be successful. While historically these carriers have provided competition in domestic markets, we have recently experienced new competition from low-cost carriers on international routes, including low-cost airlines executing international long-haul expansion strategies. The actions of existing or future low-cost carriers, including those described above, could have a material adverse effect on our operations and financial performance.

We provide air travel internationally, directly as well as through joint business, alliance, codeshare and similar arrangements to which we are a party. While our network is comprehensive, compared to some of our key global competitors, we generally have somewhat greater relative exposure to certain regions (for example, Latin America) and somewhat lower relative exposure to others (for example, China). Our financial performance relative to our key competitors will therefore be influenced significantly by macro-economic conditions in particular regions around the world and the relative exposure of our network to the markets in those regions, including the duration of declines in demand for travel to specific regions as a result of the continuing outbreak of COVID-19 and the speed with which demand for travel to these regions returns.

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. Competition is increasing from foreign state-owned and state-affiliated airlines in the Gulf region. These carriers have large numbers of international widebody aircraft in service and on order and are increasing service to the U.S. from locations both in and outside the Middle East. Service to and from locations outside of the Middle East is provided by some of these carriers under so-called “fifth freedom” rights permitted under international treaties which allow service to and from stopover points between an airline’s home country and the ultimate destination. Such flights, such as a stopover in Europe on flights to the United States, allow the carrier to sell tickets for travel between the stopover point and the United States in competition with service provided by us. We believe these state-owned and state-affiliated

carriers in the Gulf region, including their affiliated carriers, benefit from significant government subsidies, which have allowed them to grow quickly, reinvest in their product and expand their global presence.

Our international service exposes us to foreign economies and the potential for reduced demand when any foreign country we serve suffers adverse local economic conditions or if governments restrict commercial air service to or from any of these markets. For example, the COVID-19 pandemic has resulted in a precipitous decline in demand for air travel, in particular international travel, in part as a result of the imposition by the U.S. and foreign governments of restrictions on travel from certain regions. In addition, open skies agreements, which are now in place with a substantial number of countries around the world, provide international airlines with open access to U.S. markets, potentially subjecting us to increased competition on our international routes. 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.

American has established a transatlantic joint business agreement (JBA) with British Airways, Iberia and Finnair, a transpacific JBA with Japan Airlines and a JBA relating to Australia and New Zealand with Qantas Airways, each of which has been granted antitrust immunity. The transatlantic JBA relationship benefits from a grant of antitrust immunity from the Department of Transportation (DOT) and was reviewed by the European Commission (EC) in July 2010. In connection with this review, we provided certain commitments to the EC regarding, among other things, the availability of take-off and landing slots at London Heathrow (LHR) or London Gatwick (LGW) airports. The commitments accepted by the EC were binding for 10 years. In October 2018, in anticipation of the exit of the United Kingdom from the European Union (EU), commonly referred to as Brexit, and the expiry of the EC commitments in July 2020, the United Kingdom Competition and Markets Authority (CMA) opened an investigation into the transatlantic JBA. We continue to fully cooperate with the CMA and, in September 2020, the CMA adopted interim measures that effectively extend the EC commitments for an additional three years until March 2024 as a result of the uncertainty created by the COVID-19 pandemic. The CMA plans to complete its investigation before the interim measures expire. An application for antitrust immunity is also pending with the DOT to add Aer Lingus, which is owned by the parent company of British Airways and Iberia, to the transatlantic JBA. The foregoing arrangements are important aspects of our international network and we are dependent on the performance and continued cooperation of the other airlines party to those agreements.

Additionally, on July 16, 2020, we announced our intention to enter into a strategic relationship with JetBlue Airways Corp. This arrangement, once finalized, includes an alliance agreement with reciprocal codesharing on domestic and international routes from New York (JFK, LGA and EWR) and Boston, and will provide for reciprocal loyalty program benefits. The arrangement does not include JetBlue's future transatlantic flying. The implementation of the alliance agreement is subject to governmental review. No assurances can be given as to any benefits that we may derive from any of the foregoing arrangements or any other arrangements that may ultimately be implemented, or whether or not regulators will, or if granted continue to, approve or impose material conditions on our business activities.

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 decrease our overall market share and revenues. Such consolidation is not limited to the U.S., but could include further consolidation among international carriers in Europe and elsewhere.

Additionally, our AAdvantage loyalty program, which is an important element of our sales and marketing programs, faces significant and increasing competition from the loyalty programs offered by other travel companies, as well as from similar loyalty benefits offered by banks and other financial services companies. Competition among loyalty programs is intense regarding the rewards, fees, required usage, and other terms and conditions of these programs. In addition, we have used certain assets from our AAdvantage loyalty program as collateral for the secured loan under the Treasury Loan Agreement, which contains covenants that impose restrictions on certain amendments or changes to our AAdvantage

loyalty program. These competitive factors and covenants (to the extent applicable) may affect our ability to attract and retain customers, increase usage of our loyalty program and maximize the revenue generated by our loyalty program.

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 United States National Airspace System (the ATC system);
- increases in costs of safety, security, and environmental measures;
- outbreaks of diseases that affect travel behavior; and
- weather and natural disasters, including increases in frequency, severity or duration of such disasters, and related costs caused by more severe weather due to climate change.

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, COVID-19 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. See also *"The outbreak and global spread of COVID-19 has resulted in a severe decline in demand for air travel which has adversely impacted our business, operating results, financial condition and liquidity. The duration and severity of the COVID-19 pandemic, and similar public health threats that we may face in the future, could result in additional adverse effects on our business, operating results, financial condition and liquidity."* 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.

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 consumer demand, 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 and thus is a significant factor in the price of airline tickets. Market prices for aircraft fuel 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 or decrease other operating costs sufficiently to offset fuel price increases. Similarly, we cannot predict actions that may be taken by our competitors in response to changes in fuel prices.

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 (including hurricanes or similar events in the U.S. Southeast and on the Gulf Coast where a significant portion of domestic refining capacity is located), political disruptions or wars involving oil-producing countries, economic sanctions imposed against oil-producing countries or specific industry participants, changes in fuel-related governmental policy, the strength of the U.S. dollar against foreign currencies, changes in the cost to transport or store petroleum products, 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, distribution challenges, additional fuel price volatility and cost increases in the future. For instance, effective January 1, 2020, rules adopted by the International Maritime Organization restrict the sulfur content allowable in marine fuels from 3.5% to 0.5%, which is expected to cause increased demand by maritime shipping companies for low-sulfur fuel and potentially lead to increased costs of aircraft fuel. Any of these factors or events could cause a disruption in or increased demands on oil production, refinery operations, pipeline capacity or terminal access and possibly result in significant increases in the price of aircraft fuel and diminished availability of aircraft fuel supply.

Our aviation fuel purchase contracts generally do not provide meaningful price protection against increases in fuel costs. Our current policy is not to enter into transactions to hedge our fuel consumption, although we review this policy from time to time based on market conditions and other factors. Although spot prices for oil and jet fuel are presently very low by historical standards, we do not currently view the market opportunities to hedge fuel prices as attractive because, among other things, the forward curve for the purchase of such products, or hedges related to such products, is very steep, any hedging would potentially require significant capital or collateral to be placed at risk, and our future fuel needs remain unclear due to uncertainties regarding air travel demand. Accordingly, as of September 30, 2020, 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 and, while the price of fuel has been at historically low levels during the COVID-19 pandemic, there is no assurance that it will remain so and any increase in fuel prices, coupled with the severe reduction in demand we are experiencing, during the COVID-19 pandemic will materially affect our business in an adverse manner. See also the discussion in Part I, Item 3. Quantitative and Qualitative Disclosures About Market Risk – *"Aircraft Fuel."*

Union disputes, employee strikes and other labor-related disruptions, or our inability to otherwise maintain labor costs at competitive levels may adversely affect our operations and financial performance.

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 our 2019 Form 10-K.

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 this "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 slowdowns or refusals to work, such as strikes, sick-outs or other similar activity, against us. Nonetheless, there is a risk that 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. Additionally, some of our unions have brought and may continue to bring grievances to binding arbitration, including those related to wages. If successful, there is a risk these arbitral avenues could result in material additional costs that we did not anticipate. See also Part I, Item 1. Business – *"Employees and Labor Relations"* in our 2019 Form 10-K.

As of December 31, 2019, approximately 85% of our employees were represented for collective bargaining purposes by labor unions. 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 we are in negotiations for several important new labor agreements now and other agreements are scheduled to become amendable, competitors may significantly reduce their labor costs or we may agree to higher-cost provisions unilaterally or in connection with our current or future labor negotiations.

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. The minimum funding obligation applicable to our pension plans was subject to favorable temporary funding rules that expired at the end of 2017 and, as a result, our minimum pension funding obligations increased materially beginning in 2019. In addition, we have significant obligations for retiree medical and other postretirement benefits. Additionally, we participate in the International Association of Machinists & Aerospace Workers (IAM) National Pension Fund (the IAM Pension Fund). The funding status of the IAM Pension Fund is subject to the risk that other employers may not meet their obligations, which under certain circumstances could cause our obligations to increase. Furthermore, if we were to withdraw from the IAM Pension Fund, if the IAM Pension fund were to terminate, or if the IAM Pension Fund were to undergo a mass withdrawal, we could be subject to liability as imposed by law.

Any damage to our reputation or brand image could adversely affect our business or financial results.

Maintaining a good reputation globally is critical to our business. Our reputation or brand image could be adversely impacted by, among other things, any failure to maintain high ethical, social and environmental sustainability practices for all of our operations and activities, our impact on the environment, public pressure from investors or policy groups to change our policies, such as movements to institute a “living wage,” customer perceptions of our advertising campaigns, sponsorship arrangements or marketing programs, customer perceptions of our use of social media, or customer perceptions of statements made by us, our employees and executives, agents or other third parties. Damage to our reputation or brand image or loss of customer confidence in our services could adversely affect our business and financial results, as well as require additional resources to rebuild our reputation.

Moreover, the outbreak and spread of COVID-19 have adversely impacted consumer perceptions of the health and safety of travel, and in particular airline travel, and these negative perceptions could continue even after the pandemic subsides. Actual or perceived risk of infection on our flights has had, and may continue to have, a material adverse effect on the public's perception of us, which has harmed, and may continue to harm, our reputation and business. We have taken various measures to reassure our team members and the traveling public of the safety of air travel, including requirements that passengers wear face coverings, the provision of protective equipment for team members and enhanced cleaning procedures onboard aircraft and in airports. We expect that we will continue to incur COVID-19 related costs as we sanitize aircraft, implement additional hygiene-related protocols and take other actions to limit the threat of infection among our employees and passengers. However, we cannot assure that these or any other actions we might take in response to COVID-19 will be sufficient to restore the confidence of consumers in the safety of air travel.

We are at risk of losses and adverse publicity stemming from any public incident involving our company, our people or our brand, including any accident or other public incident involving our personnel or aircraft, or the personnel or aircraft of our regional, codeshare or joint business operators.

In a modern world where news can be captured and travel rapidly, we are at risk of adverse publicity stemming from any public incident involving our company, our people or our brand. Such an incident could involve the actual or alleged behavior of any of our employees. Further, if our personnel, one of our aircraft, a type of aircraft in our fleet, or personnel of, or an aircraft that is operated under our brand by, one of our regional operators or an airline with which we have a marketing alliance, joint business or codeshare relationship, were to be involved in a public incident, accident, catastrophe or regulatory enforcement action, we could be exposed to significant reputational harm and potential legal liability. The insurance we carry may be inapplicable or inadequate to cover any such incident, accident, catastrophe or action. In the event that our insurance is inapplicable or inadequate, we may be forced to bear substantial losses from an incident or accident. In addition, any such incident, accident, catastrophe or action involving our personnel, one of our aircraft (or personnel and aircraft of our regional operators and our codeshare partners), or a type of aircraft fleet could create an adverse public perception, 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.

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 Transportation Security Administration, the Department of Homeland Security and several of their respective international counterparts have issued regulations and a number of other directives, 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, and in some instances have resulted in the temporary grounding of aircraft types altogether (including the March 2019 grounding of all Boeing 737 MAX aircraft, including the 24 aircraft in our fleet, which remains in place as of the date of this report), or otherwise caused substantial disruption and resulted in material costs to us and lost revenues. The FAA also exercises comprehensive regulatory authority over nearly all technical aspects of our operations. 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, any new regulatory requirements, particularly requirements that limit our ability to operate or price our products, could have a material adverse effect on us and the industry.

DOT consumer rules, and rules promulgated by certain analogous agencies in other countries we serve, dictate procedures for customer handling during long onboard delays, further regulate airline interactions with passengers, including passengers with disabilities, through the ticketing process, at the airport, and onboard the aircraft, and require disclosures concerning airline fares and ancillary fees such as baggage fees. Other DOT rules apply to post-ticket purchase price increases and an expansion of tarmac delay regulations to international airlines. In 2020, the DOT is expected to implement a number of new regulations that will impact us, including disability rules for accessible lavatories and refunds for checked bag fees in the event of certain delays in delivery.

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. Present and potential future security requirements can have the effect of imposing costs and inconvenience on travelers, potentially reducing the demand for air travel.

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 that affect the services that can be offered by airlines in particular markets and at particular airports, or the types of fares offered or 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;
- 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;
- the adoption of more restrictive locally-imposed noise restrictions; and
- restrictions on travel or special guidelines regarding aircraft occupancy or hygiene related to COVID-19.

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 the increased costs or greater complexity associated with 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 ATC system is not successfully modernizing to meet the growing demand for U.S. air travel. Air traffic controllers rely on outdated procedures and technologies that routinely compel airlines, including ourselves, to fly inefficient routes or take significant delays on the ground. The ATC system's inability to manage 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 system to be less resilient in the event of a failure. For example, an automation failure and an evacuation, in 2015 and 2017, respectively, at the Washington Air Route Control Center resulted in cancellations and delays of hundreds of flights traversing the greater Washington, D.C. airspace.

In the early 2000s, the FAA embarked on a path to modernize the national airspace system, including migration from the current radar-based ATC system to a GPS-based system. This modernization of the ATC system, 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 this modernization will be available to the public and the airlines, including ourselves. Failure to update the ATC system in a timely manner and the substantial costs that may be imposed on airlines, including ourselves, in order to fund a modernized ATC system may have a material adverse effect on our business.

Further, our business has been adversely impacted when government agencies have ceased to operate as expected including due to partial shut-downs, sequestrations or similar events and the COVID-19 pandemic. These events have resulted in, among other things, reduced demand for air travel, an actual or perceived reduction in ATC and security screening resources and related travel delays, as well as disruption in the ability of the FAA to grant required regulatory approvals, such as those that are involved when a new aircraft is first placed into service.

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. The U.S. government has negotiated "open skies" agreements with many countries, which agreements 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. 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. As a result of the agreement and a subsequent open skies agreement involving the U.S. and the United Kingdom, which was agreed in anticipation of Brexit, we face increased competition in these markets, including LHR. Bilateral and multilateral agreements among the U.S. and various foreign governments of countries we serve but which are not covered by an open skies treaty 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 markets, it 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 foreign airlines, 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.

Brexit occurred on January 31, 2020 under the terms of the agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the EU and the European Atomic Energy Community (the Withdrawal Agreement). There will now be a transition period during which the United Kingdom and the EU will seek to negotiate an agreement governing their future relationship, including in relation to air services. Under the Withdrawal Agreement, this transition period is scheduled to end on December 31, 2020, with a potential extension of up to two years, although the United Kingdom government previously passed legislation preventing any such extension of the transition period and the deadline to request such an extension has passed. We face risks associated with Brexit, notably given the extent of our passenger and cargo traffic and that of our joint business partners that flows through LHR in the United Kingdom. During the transition period, our current air services may continue as we currently conduct them. However, Brexit will mandate further modification in the current regulatory regime, including in relation to commercial air service. The precise scope of traffic rights between the EU and the United Kingdom remains uncertain and therefore the continuation of our current services, and those of our partners, is not assured and could be subject to disruption. During the transition period, the United Kingdom and the EU will seek to implement a new air services agreement. We cannot predict the terms of any such successor air services agreement or whether changes in the relationship between the United Kingdom and the EU,

including whether or not an agreement governing their future relationship is reached before the end of the transition period, could materially adversely affect our business, results of operations and financial condition. More generally, 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.

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 significant operations outside of the U.S. Our current international activities and prospects have been and in the future could be adversely affected by government policies, 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, the outbreak and global spread of COVID-19 have severely impacted the demand for international travel and have resulted in the imposition of significant governmental restrictions on commercial air service to or from certain regions. We have responded by suspending a significant portion of our international flights through the summer of 2021 and delaying the introduction of certain new international routes. We can provide no assurance as to when such restrictions will be eased or lifted, when demand for international travel will return to pre-pandemic levels, if at all, or whether certain international destinations we previously served will be economical in the future. 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.

Such 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.

More generally, our industry may be affected by any deterioration in global trade relations, including shifts in the trade policies of individual nations. For example, much of the demand for international air travel is the result of business travel in support of global trade. Should protectionist governmental policies, such as increased tariff or other trade barriers, travel limitations and other regulatory actions, have the effect of reducing global commercial activity, the result could be a material decrease in the demand for international air travel. Additionally, certain of the products and services that we purchase, including certain of our aircraft and related parts, are sourced from suppliers located in foreign countries, and the imposition of new tariffs, or any increase in existing tariffs, by the U.S. government in respect of the importation of such products could materially increase the amounts we pay for them. In particular, on October 2, 2019, the Office of the U.S. Trade Representative (USTR), as part of an ongoing dispute with the EU before the World Trade Organization (WTO) concerning, among other things, aircraft subsidies, was authorized by an arbitration tribunal of the WTO to impose up to $7.5 billion per year in import tariffs on certain goods originating from the EU. In October 2019, the USTR imposed tariffs on certain imports from the EU, including certain Airbus aircraft that we previously contracted to purchase, which were initially subject to an ad valorem duty of 10%. On February 14, 2020, the USTR increased such duty to 15% effective March 18, 2020. While the scope and rate of these tariffs are subject to change, if and to the extent these tariffs are imposed on us without any available means for us to mitigate or pass on the burden of these tariffs to Airbus, the effective cost of new Airbus aircraft required to implement our fleet plan would increase.

Brexit occurred on January 31, 2020 under the terms of the Withdrawal Agreement. There will now be a transition period during which the United Kingdom and the EU will seek to negotiate an agreement governing their future relationship, including in relation to air services. Under the Withdrawal Agreement, this transition period is scheduled to end on December 31, 2020, with a potential extension of up to two years, although the United Kingdom government previously passed legislation preventing any such extension of the transition period and the deadline to request such an extension has passed. We face risks associated with Brexit, notably given the extent of our passenger and cargo traffic and that of our joint business partners that flows through LHR in the United Kingdom. During the transition period, our current air services may continue as we currently conduct them. The precise scope of traffic rights between the EU and the United Kingdom remains uncertain and therefore the continuation of our current services, and those of our partners, is not assured and could be subject to disruption. During the transition period, the United Kingdom and the EU will seek to implement a new air services agreement. We cannot predict the terms of any such successor air services agreement or

whether changes in the relationship between the United Kingdom and the EU, including whether or not an agreement governing their future relationship is reached before the end of the transition period, could materially adversely affect our business, results of operations and financial condition.

Moreover, Brexit could adversely affect European or worldwide economic or market conditions and could contribute to further instability in global financial markets. In addition, Brexit has created uncertainty as to the future trade relationship between the EU and the United Kingdom, including air traffic services. LHR is presently a very important element of our international network, however it may become less desirable as a destination or as a hub location after Brexit when compared to other airports in Europe. Brexit could also lead to legal and regulatory uncertainty such as the identity of the relevant regulators, new regulatory action and/or 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. For example, in October 2018, in anticipation of Brexit and the expiry of the EC commitments in July 2020, the CMA opened an investigation into the transatlantic JBA. We continue to fully cooperate with the CMA and, in September 2020, the CMA adopted interim measures that effectively extend the EC commitments for an additional three years until March 2024 as a result of the uncertainty created by the COVID-19 pandemic. The CMA plans to complete its investigation before the interim measures expire. The impact on our business of any treaties, laws and regulations that replace the existing EU counterparts, or other governmental or regulatory actions taken by the United Kingdom or the EU in connection with or subsequent to Brexit, cannot be predicted, including whether or not regulators will continue to approve or impose material conditions on our business activities. Any of these effects, and others we cannot anticipate, could materially adversely affect 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 are subject to risks associated with climate change, including increased regulation of our CO_2 emissions and the potential increased impacts of severe weather events on our operations and infrastructure.

Efforts to transition to a low-carbon future have increased the focus by global, regional and national regulators on climate change and greenhouse gas (GHG) emissions, including carbon dioxide (CO_2). In particular, the International Civil Aviation Organization is in the process of adopting rules, including those pertaining to the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), that will require American to limit the CO_2 emissions of a significant majority of our international flights.

At this time, the costs of our obligations under CORSIA are uncertain and cannot be fully predicted. For example, we will not directly control our CORSIA compliance costs during the CORSIA Pilot and First Phases because such phases include a sharing mechanism for the growth in emissions for the global aviation sector. In addition, there is uncertainty with respect to the future supply, demand and price of sustainable or lower carbon aircraft fuel, carbon offset credits and technologies that could allow us to reduce our emissions of CO_2. 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 surcharges or otherwise increase revenues or decrease other operating costs sufficiently to offset our costs of meeting obligations under CORSIA.

In the event that CORSIA does not come into force as expected, American and other airlines could become subject to an unpredictable and inconsistent array of national or regional emissions restrictions, creating a patchwork of complex regulatory requirements that could affect global competitors differently without offering meaningful aviation environmental improvements. Concerns over climate change are likely to result in continued attempts by municipal, state, regional, and federal agencies to adopt requirements or change business environments related to aviation that, if successful, may result in increased costs to the airline industry and us. In addition, several countries and U.S. states have adopted or are considering adopting programs, including new taxes, to regulate domestic GHG emissions. Finally, certain airports have adopted, and others could in the future adopt, GHG emission or climate-related goals that could impact our operations or require us to make changes or investments in our infrastructure.

All such climate change-related regulatory activity and developments may adversely affect our business and financial results by requiring us to reduce our emissions, make capital investments to purchase specific types of equipment or technologies, purchase carbon offset credits, or otherwise incur additional costs related to our emissions. Such activity may also impact us indirectly by increasing our operating costs, including fuel costs.

Finally, the potential acute and chronic physical effects of climate change, such as increased frequency and severity of storms, floods, fires, sea-level rise, excessive heat, longer-term changes in weather patterns and other climate-related events, could affect our operations, infrastructure and financial results. Operational impacts, such as the canceling of flights, could result in loss of revenue. We could incur significant costs to improve the climate resiliency of our infrastructure and otherwise prepare for, respond to, and mitigate such physical effects of climate change. We are not able to predict accurately the materiality of any potential losses or costs associated with the physical effects of climate change.

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

We are subject to a number of 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, even in certain cases where 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, and 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 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. For example, under our current fleet plan, by the end of 2020 all of our mainline aircraft will have been manufactured by either Airbus or Boeing and all of our regional aircraft will have been manufactured by either Bombardier or Embraer. Further, our supplier base continues to consolidate as evidenced by the recent acquisition of Rockwell Collins by United Technologies, the recent transactions involving Airbus and Bombardier and Bombardier and Mitsubishi. Due to the limited number of these suppliers, we are vulnerable to any problems associated with the performance of their obligation to supply key aircraft, parts and engines, including design defects, mechanical problems, contractual performance by suppliers, adverse perception by the public that would result in customer avoidance of any of our aircraft or any action by the FAA or any other regulatory authority resulting in an inability to operate our aircraft, even temporarily. In particular, in March 2019, the FAA ordered the grounding of all Boeing 737 MAX aircraft, which remains in place as of the date of this report.

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. If, for any reason, we are unable to accept or secure deliveries of new aircraft on contractually scheduled delivery dates, this could have negative impacts 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, or reductions to our schedule, thereby reducing revenues. If new aircraft orders are not filled on a timely basis, we could face higher financing and 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, safety and reliability, we could face higher financing and operating costs than planned and our business, results of operations and financial condition could be adversely impacted. For instance, in March 2019, the FAA grounded all Boeing 737 MAX aircraft, including the 24 aircraft in our fleet. For the duration of the Boeing 737 MAX grounding, we have been unable to take delivery of the Boeing 737 MAX aircraft we have on order from Boeing and have in some instances been required to extend the service lives of older, less efficient aircraft and delay service that we planned to offer. Further, deliveries of Boeing 737 MAX aircraft have remained suspended following the grounding, and Boeing is not currently manufacturing new 737 MAX aircraft. Depending on the ultimate duration of the grounding, various Boeing 737 MAX aircraft financings and financing commitments we previously obtained may be terminated and, as a result, we may be required to prepay such financings and obtain alternate financing and financing commitments for these aircraft. Such a need to obtain substitute financing could be material and any such substitute financing may not be available at all or may require that we agree to terms and conditions less favorable than the previously obtained financings and financing commitments. Further, once the grounding has been lifted, we will be subject to additional training requirements, and such additional training would further delay the aircraft's return to service and impose restrictions on our ability to optimize our fleet. This and other operational requirements and uncertainties regarding the timing of the delivery of Boeing 737 MAX aircraft we have on order and how rapidly we will be able to take delivery of and integrate such Boeing 737 MAX aircraft into our fleet could potentially result in further significant constraints on our operating efficiency, capacity and growth plans. In addition, the timing of the 737 MAX's recertification and return to service, and the resumption of deliveries, could be significantly impacted by the COVID-19 pandemic.

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 existing and emerging 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 technologies or 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 technologies and automated systems cannot be completely protected against 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 that our security measures, change control procedures or disaster recovery plans are adequate to prevent disruptions or delays. Disruption in or changes to these technologies or 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.

While we have to date successfully integrated many of our computer, communication and other technology systems in connection with the merger of US Airways and American, including our customer reservations system and our pilot, flight attendant and fleet scheduling system, we still have to complete several additional important system integration or replacement projects. In a number of prior airline mergers, the integration of these systems or deployment of replacement systems has taken longer, been more disruptive and cost more than originally forecasted. The implementation process to integrate or replace 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 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.

Evolving data security and privacy requirements could increase our costs, and any significant data security incident could disrupt our operations, harm our reputation, expose us to legal risks and otherwise materially adversely affect our business, results of operations and financial condition.

Our business requires the secure processing and storage of sensitive information relating to our customers, employees, business partners and others. However, like any global enterprise operating in today's digital business environment, we are subject to threats to the security of our networks and data, including threats potentially involving criminal hackers, hacktivists, state-sponsored actors, corporate espionage, employee malfeasance, and human or technological error. These threats continue to increase as the frequency, intensity and sophistication of attempted attacks and intrusions increase around the world. We have been the target of cybersecurity attacks in the past and expect that we will continue to be in the future.

Furthermore, in response to these threats there has been heightened legislative and regulatory focus on data privacy and cybersecurity in the U.S., the EU and elsewhere, particularly with respect to critical infrastructure providers, including those in the transportation sector. As a result, we must comply with a proliferating and fast-evolving set of legal requirements in this area, including substantive cybersecurity standards as well as requirements for notifying regulators and affected individuals in the event of a data security incident. This regulatory environment is increasingly challenging and may present material obligations and risks to our business, including significantly expanded compliance burdens, costs and enforcement risks. For example, in May 2018, the EU's new General Data Protection Regulation, commonly referred to as GDPR, came into effect, which imposes a host of new data privacy and security requirements, imposing significant costs on us and carrying substantial penalties for non-compliance.

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 cybersecurity incident could result in a range of potentially material negative consequences for us, including unauthorized access to, disclosure, modification, misuse, loss or destruction of company systems or data; theft of sensitive, regulated or confidential data, such as personal identifying information or our intellectual property; the loss of functionality of critical systems through ransomware, denial of service or other attacks; a deterioration in our relationships with business partners and other third parties; and business delays, service or system disruptions, damage to equipment and injury to persons or property. The methods used to obtain unauthorized access, disable or degrade service or sabotage systems are constantly evolving and may be difficult to anticipate or to detect for long periods of time. The constantly changing nature of the threats means that we may not be able to prevent all data security breaches or misuse of data. Similarly, we depend on the ability of our key commercial partners, including our regional carriers, distribution partners and technology vendors, to conduct their businesses in a manner that complies with applicable security standards and assures their ability to perform on a timely basis. A security failure, including a failure to meet relevant payment security standards, breach or other significant cybersecurity incident affecting one of our partners could result in potentially material negative consequences for us.

In addition, the costs and operational consequences of defending against, preparing for, responding to and remediating an incident of cybersecurity breach may be substantial. As cybersecurity threats become more frequent, intense and sophisticated, costs of proactive defense measures are increasing. Further, we could be exposed to litigation, regulatory enforcement or other legal action as a result of an incident, carrying the potential for damages, fines, sanctions or other penalties, as well as injunctive relief and enforcement actions requiring costly compliance measures. A significant number of recent privacy and data security incidents, including those involving other large airlines, have resulted in very substantial adverse financial consequences to those companies. A cybersecurity incident could also impact our brand, harm our reputation and adversely impact our relationship with our customers, employees and stockholders. Accordingly, failure to appropriately address these issues could result in material financial and other liabilities and cause significant reputational harm to our company.

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, substantially all of which are provided for under capacity purchase agreements. Due to our reliance on third parties to provide these essential services, we are subject to the risk of disruptions to their operations, which has in the past and may in the future 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 skilled personnel, including pilots and mechanics, and other risk factors, such as an out-of-court or bankruptcy restructuring of any of our regional operators. Several 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. Disruptions to capital markets, shortages of skilled personnel and adverse economic conditions in general have subjected certain of these third-party regional operators to significant financial pressures, which have in the past and may in the future lead to bankruptcies among these operators. In particular, the significant decline in demand for air travel resulting from the COVID-19 pandemic and related governmental restrictions on travel have materially impacted demand for services provided by our regional carriers and, as a result, we have significantly reduced our regional capacity and expect to maintain these reduced levels of capacity for the foreseeable future. We expect the disruption to services resulting from the COVID-19 pandemic to adversely affect our regional operators, some of whom

may experience significant financial stress, declare bankruptcy or otherwise cease to operate. We may also experience disruption to our regional operations or incur financial damages if we terminate the capacity purchase agreement with one or more of our current operators or 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, reservations, provision of information technology and services, regional operations, aircraft maintenance, ground services and facilities 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, travel management companies and online travel agents (OTAs) (e.g., Expedia, including its booking sites Orbitz and Travelocity, and Booking Holdings, including its booking sites Kayak and Priceline), to distribute a significant portion of our airline tickets, and we expect in the future to continue to rely on these channels. We are also dependent upon the ability and willingness of these distribution channels 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 website at *www.aa.com*. 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 our distribution channels, while maintaining an industry-competitive cost structure. Further, as distribution technology changes we will need to continue to update our technology by acquiring new technology from third parties, building the functionality ourselves, or a combination, which in any event will likely entail significant technological and commercial risk and involve potentially material investments. These imperatives may affect our relationships with conventional travel agents, travel management companies, GDSs and OTAs, including if consolidation of conventional travel agents, travel management companies, GDSs or OTAs continues, or should any of these parties seek to acquire other technology providers thereby potentially limiting our technology alternatives. 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.

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, operations control facilities and administrative support space. As airports around the world become more congested, it may not be possible for us 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 those imposed by inadequate facilities at desirable airports.

In light of constraints on existing facilities, there is presently a significant amount of capital spending underway at major airports in the United States, including large projects underway at a number of airports where we have significant operations, such as Chicago O'Hare International Airport (ORD), Los Angeles International Airport (LAX), LaGuardia Airport (LGA) and Ronald Reagan Washington National Airport (DCA). This spending is expected to result in increased costs to airlines and the traveling public that use those facilities as the airports seek to recover their investments through increased rental, landing and other facility costs. In some circumstances, such costs could be imposed by the relevant airport authority without our approval. Accordingly, our operating costs are expected to increase significantly at many airports at which we operate, including a number of our hubs and gateways, as a result of capital spending projects currently underway and additional projects that we expect to commence over the next several years.

In addition, operations at three major domestic airports, certain smaller domestic airports and many foreign airports we serve 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 and may have other operational restrictions as well. In the U.S., the DOT and the FAA currently regulate the allocation of slots or slot exemptions at DCA and two New York City airports: John F. Kennedy International Airport and LGA. Our operations at these airports generally require the allocation of slots or similar regulatory authority. In addition to slot restrictions, operations at DCA and LGA are also limited based on a so-called "perimeter rule" which generally limits the stage length of the flights that can be operated from those airports to 1,250 and 1,500 miles, respectively. Similarly, our operations at LHR, international airports in Beijing, Frankfurt, Paris, Tokyo and other airports outside the U.S. are regulated by local slot authorities pursuant to the International Airline Trade Association Worldwide Scheduling Guidelines and/or applicable local law. Termination of slot controls at some or all of the foregoing airports could affect our operational performance and competitive position. 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. Due to the dramatic reduction in air travel resulting from the COVID-19 pandemic, we are in many instances relying on exemptions granted by applicable authorities from the requirement that we continuously use certain slots, gates and routes or risk having such operating rights revoked, and we cannot predict whether such exemptions will continue to be granted or whether we ultimately could be at risk of losing valuable operating rights. We cannot provide any assurance that regulatory changes regarding the allocation of slots, the continued enforcement of a perimeter rule 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 LAX and ORD where the airport gate and other facilities are currently 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, operations control facilities, slots (where applicable), or office space could have a material adverse effect on our business, results of operations and financial condition.

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

We operate principally through our hubs and gateways in Charlotte, Chicago, Dallas/Fort Worth, London Heathrow, Los Angeles, Miami, New York, Philadelphia, Phoenix and Washington, D.C. Substantially all of our flights either originate at or fly into one of these locations. A significant interruption or disruption in service at one of our hubs, gateways or other airports where we have a significant presence, resulting from air traffic control delays, weather conditions, natural disasters, growth constraints, performance by third-party service providers (such as electric utility or telecommunications providers), failure of computer systems, disruptions at airport facilities or other key facilities used by us to manage our operations (such as occurred in the United Kingdom at LGW on December 20, 2018 and LHR on January 8, 2019 due to unauthorized drone activity), 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. We have limited control, particularly in the short term, over the operation, quality or maintenance of many of the services on which our operations depend and over whether vendors of such services will improve or continue to provide services that are essential to our business.

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 designed to increase revenues and offset costs. These measures include further segmentation of the classes of services we offer, such as Premium Economy service and Basic Economy service, enhancements to our AAdvantage loyalty program, charging separately for services that had previously been included within the price of a ticket, increasing other pre-existing fees, reconfiguration of our aircraft cabins, and efforts to optimize our network including by focusing growth on a limited number of large hubs. 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 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 or result in decreased demand. Also, our

implementation of any new or 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.

Our intellectual property rights, particularly our branding rights, are valuable, and any inability to protect them may adversely affect our business and financial results.

We consider our intellectual property rights, particularly our branding rights such as our trademarks applicable to our airline and AAdvantage loyalty program, to be a significant and valuable aspect of our business. We protect our intellectual property rights through a combination of trademark, copyright and other forms of legal protection, contractual agreements and policing of third-party misuses of our intellectual property. Our failure to obtain or adequately protect our intellectual property or any change in law that lessens or removes the current legal protections of our intellectual property may diminish our competitiveness and adversely affect our business and financial results. Any litigation or disputes regarding intellectual property may be costly and time-consuming and may divert the attention of our management and key personnel from our business operations, either of which may adversely affect our business and financial results.

In addition, we have used certain of our branding and AAdvantage loyalty program intellectual property as collateral for various financings (including the Treasury Loan Agreement), which contain covenants that impose restrictions on the use of such intellectual property and, in the case of the Treasury Loan Agreement, on certain amendments or changes to our AAdvantage loyalty program. These covenants may have an adverse effect on our ability to use such intellectual property.

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 II, Item 1. Legal Proceedings.

A higher than normal number of pilot retirements, more stringent duty time regulations, increased flight hour requirement for commercial airline pilots, reductions in the number of military pilots entering the commercial workforce, increased training requirements and other factors have caused a shortage of pilots that could materially adversely affect our business.

We currently have a higher than normal number of pilots eligible for retirement. Large numbers of pilots in the industry are approaching the FAA's mandatory retirement age of 65. Our pilots and other employees are subject to rigorous certification standards, and our pilots and other crew members must adhere to flight time and rest requirements. Commencing in 2013, the minimum flight hour requirement to achieve a commercial pilot's license in the United States increased from 250 to 1,500 hours, thereby significantly increasing the time and cost commitment required to become licensed to fly commercial aircraft. Additionally, the number of military pilots being trained by the U.S. armed forces and available as commercial pilots upon their retirement from military service has been decreasing. These and other factors 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 attempting to meet their hiring needs. 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.

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 per-passenger facility charge 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 our 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, including the passenger facility charge, 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.

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, 2019, we had available NOL Carryforwards of approximately $9.1 billion for regular federal income tax purposes that will expire, if unused, beginning in 2023, and approximately $3.0 billion for state income tax purposes that will expire, if unused, between 2020 and 2039. Our NOL Carryforwards are subject to adjustment on audit by the Internal Revenue Service and the respective state taxing authorities.

Our ability to use our NOL Carryforwards also will depend on the amount of taxable income generated in future periods. We presently do not have a valuation allowance on our net deferred tax assets. If our financial results continue to be adversely impacted by COVID-19, there can be no assurance that a valuation allowance on our net deferred tax assets will not be required in the future. Such valuation allowance could be material. Additionally, due to COVID-19 and other economic factors, the NOL Carryforwards may expire before we can generate sufficient taxable income to use them.

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). In 2013, we experienced an ownership change in connection with our emergence from bankruptcy 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 $7.3 billion of unlimited NOL still remaining at December 31, 2019) 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. In addition, under the loan program of the CARES Act, a government acquisition of warrants, stock options, common or preferred stock or other equity acquired in relation to the program does not result in an ownership change for purposes of section 382. This exception does not apply for companies issuing warrants, stock options, common or preferred stock or other equity pursuant to the Payroll Support Program and accordingly will not apply to the warrants issued by us under that program. 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 bankruptcy 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 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. See also "*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*."

The commercial relationships that we have with other airlines, including any related equity investment, may not produce the returns or results we expect.

An important part of our strategy to expand our network has been to expand our commercial relationships with other airlines, such as by entering into global alliance, joint business and codeshare relationships, and, in one instance involving China Southern Airlines, by making a significant equity investment in another airline in connection with initiating such a commercial relationship. We may explore similar non-controlling investments in, and joint ventures and strategic alliances with, other carriers as part of our global business strategy. We face competition in forming and maintaining these commercial relationships since there are a limited number of potential arrangements and other airlines are looking to enter into similar relationships, and our inability to form or maintain these relationships or inability to form as many of these relationships as our competitors may have an adverse effect on our business. Any such existing or future investment could involve significant challenges and risks, including that we may not realize a satisfactory return on our investment or that they may not generate the expected revenue synergies. In addition, as a result of the global spread of COVID-19, the industry has experienced a precipitous decline in demand for air travel both internationally and domestically, which is expected to continue into the foreseeable future and could materially disrupt the timely execution of our strategic operating plans, including the finalization, approval and implementation of new strategic relationships or the expansion of existing relationships. These events could have a material adverse effect on our business, results of operations and financial condition.

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 credit card processing companies, under certain conditions (including, with respect to certain agreements, our failure 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. Additionally, such credit card processing companies may require cash or other collateral reserves to be established. These credit card processing companies are not currently entitled 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 or the triggering of a liquidity covenant. In light of the effect COVID-19 is having on demand for air travel and, in turn, capacity, we have seen an increase in demand from consumers for refunds on their tickets, and we anticipate this will continue to be the case for the near future. Requests for refunds and the ongoing impact of COVID-19 on our longer-term financial performance may reduce our liquidity and cause us to be forced to post cash or other collateral with the credit card processing companies in respect of advance ticket sales. The imposition of holdback requirements, up to and including 100% of relevant advanced ticket sales, would 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. For example, we maintain certain letters of credit, insurance- and surety-related agreements under which counterparties may require collateral, including cash collateral.

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 and indefinite-lived intangible assets are not amortized, but are assessed for impairment at least annually, or more frequently if conditions indicate that an impairment may have occurred. In accordance with applicable accounting standards, we first assess qualitative factors to determine whether it is necessary to perform a quantitative impairment test. 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, including as a result of significant or prolonged declines in demand for air travel and corresponding reductions to capacity. In the first nine months of 2020, we recorded an $1.5 billion impairment charge associated with our decision to retire certain mainline aircraft, principally Airbus A330-200, Boeing 757, Boeing 767, Airbus A330-300 and Embraer 190 aircraft as well as regional aircraft, including certain Embraer 140 and Bombardier CRJ200 aircraft, earlier than previously planned as a result of the decline in demand for air travel due to COVID-19. We can provide no assurance that a material impairment loss of tangible or intangible assets will not occur in a future period, and the risk of future material impairments has been significantly heightened as result of the effects of the COVID-19 pandemic on our flight schedules and business. Such impairment charges could have a material adverse effect on our business, results of operations and financial condition.

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

The market price of AAG common stock has fluctuated in the past, and may fluctuate substantially in the future, due to a variety of factors, many of which are beyond our control, including:

- the effects of the COVID-19 pandemic on our business or the U.S. and global economies;
- macro-economic conditions, including the price of fuel;
- changes in market values of airline companies as well as general market conditions;
- our operating and financial results failing to meet the expectations of securities analysts or investors;
- changes in financial estimates or recommendations by securities analysts;
- changes in our level of outstanding indebtedness and other obligations;
- changes in our credit ratings;
- material announcements by us or our competitors;
- expectations regarding our capital deployment program, including any existing or potential future share repurchase programs and any future dividend payments that may be declared by our Board of Directors, or any determination to cease repurchasing stock or paying dividends (which we have suspended for an indefinite period in accordance with the applicable requirements under the CARES Act);
- new regulatory pronouncements and changes in regulatory guidelines;
- general and industry-specific economic conditions;
- changes in our key personnel;

- public or private sales of a substantial number of shares of AAG common stock or issuances of AAG common stock upon the exercise or conversion of restricted stock unit awards, stock appreciation rights, or other securities that may be issued from time to time, including warrants we have or will issue in connection with our receipt of funds under the CARES Act;
- increases or decreases in reported holdings by insiders or other significant stockholders; and
- fluctuations in trading volume.

We have ceased making repurchases of our common stock and paying dividends on our common stock as required by the CARES Act. Following the end of those restrictions, if we do decide to make repurchases of or pay dividends on our common stock, we cannot guarantee that we will continue to do so 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, as part of our capital deployment program, our Board of Directors had approved seven share repurchase programs aggregating $13.0 billion of authority. As of September 30, 2020, there was $420 million of remaining authority to repurchase shares under our current $2.0 billion share repurchase program. In connection with our receipt of payroll support under the CARES Act, we agreed not to repurchase shares of AAG common stock through September 30, 2021. In addition, we have entered into the Treasury Loan Agreement and, as a result, we are prohibited from repurchasing shares of AAG common stock through the date that is one year after the secured loan provided under the Treasury Loan Agreement is fully repaid. If we determine to make any share repurchases in the future, such repurchases under our 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 again at any time at our discretion and without prior notice. The timing and amount of repurchases, if any, will be subject to market and economic conditions, applicable legal requirements, such as the requirements of the CARES Act and other relevant factors. Our repurchase of AAG common stock may be limited, suspended or discontinued at any time at our discretion and without prior notice.

Our Board of Directors commenced declaring quarterly cash dividends in July 2014 as part of our capital deployment program. In connection with our receipt of payroll support under the CARES Act, we agreed not to pay dividends on AAG common stock through September 30, 2021. In addition, we have entered into the Treasury Loan Agreement, and as a result, we are prohibited from paying dividends on AAG common stock through the date that is one year after the secured loan provided under the Treasury Loan Agreement is fully repaid. If we determine to make any dividends in the future, such 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 the payment of dividends may be suspended or discontinued again at any time at our discretion and without prior notice. 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 pay dividends in the future.

In addition, any future repurchases of AAG common stock or payment of dividends, or any determination to cease repurchasing stock or paying 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, any future repurchases of AAG common stock or payment of 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 repurchase of AAG common stock 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 they will do so.

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 significant provisions that limit voting and ownership and disposition of our equity interests as described in Part II, Item 5. Market for American Airlines Group's Common Stock, Related Stockholder Matters and Issuer Purchases of Equity Securities - "*Ownership Restrictions*" in our 2019 10-K. 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.

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 Bylaws, as currently in effect, 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;
- stockholders are restricted from calling a special meeting unless they hold at least 20% of our outstanding shares and follow the procedures provided for in the amended Bylaws;
- 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.

The issuance or sale of shares of our common stock, rights to acquire shares of our common stock, or warrants issued to Treasury under the Payroll Support Program and in connection with the loan under the CARES Act, could depress the trading price of our common stock and the Convertible Notes.

We may conduct future offerings of common stock, preferred stock or other securities that are convertible into or exercisable for our common stock to finance our operations, to fund acquisitions, or for any other purposes at any time and from time to time (including as compensation to the U.S. Government for the proceeds received pursuant to the Payroll Support Program and the loan under the CARES Act). If these additional shares or securities are sold, or if it is perceived that they will be sold, into the public market or otherwise, the price of our common stock and Convertible Notes could decline substantially. If we issue additional shares of our common stock or rights to acquire shares of our common stock, if any of our existing stockholders sells a substantial amount of our common stock, or if the market perceives that such issuances or sales may occur, then the trading price of our common stock and Convertible Notes could decline substantially.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

On September 30, 2020, as partial compensation to the U.S. Government for an additional installment of $168 million of financial assistance under the Payroll Support Program, we issued a PSP Warrant to purchase up to 0.4 million PSP

Warrant Shares. The exercise price of the PSP Warrant Shares is $12.51 per share, subject to certain anti-dilution provisions provided for in the PSP Warrant.

The PSP Warrant does not have any voting rights and is freely transferrable, with registration rights. The PSP Warrant expires on September 30, 2025. The PSP Warrant will be exercisable either through net share settlement or cash, at our option.

The PSP Warrant was issued pursuant to an exemption from registration provided for under Section 4(a)(2) of the Securities Act as a transaction not involving a public offering. Any issuance of the PSP Warrant Shares upon exercise of the PSP Warrant will be exempt as an exchange by the Company exclusively with its security holders eligible for exemption under Section 3(a)(9) of the Securities Act.

The PSP Warrant was issued solely as compensation to the U.S. Government related to our receipt of financial assistance under the Payroll Support Program. No separate proceeds were received upon issuance of the PSP Warrant or will be received upon exercise thereof.

ITEM 5. OTHER INFORMATION

(a) On July 15, 2020, we filed a Form 8-K (the July Form 8-K) disclosing that American had started an involuntary furlough process by issuing Worker Adjustment and Retraining Notification Act notices to certain of its team members. On August 25, 2020, we filed a Form 8-K (the August Form 8-K) disclosing additional details regarding the planned workforce reduction. At the respective times of the filings of the July Form 8-K and August Form 8-K, we were unable to make a good faith determination of an estimate or range of estimates required by paragraphs (b), (c) and (d) of Item 2.05 of Form 8-K with respect to such workforce reduction actions.

In connection with the preparation of the financial statements for the third quarter of 2020 as contained in this Form 10-Q, American recorded a charge of approximately $115 million consisting principally of severance and medical costs for these furloughed team members. We are providing this disclosure in lieu of amendments to the July Form 8-K and August Form 8-K solely to provide the information required by paragraphs (b), (c) and (d) of Item 2.05 of Form 8-K. Except as set forth herein, the disclosures in the July Form 8-K and August Form 8-K remain unchanged.

ITEM 6. EXHIBITS

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.

Exhibit Number	Description
4.1	Indenture (IP Notes), dated as of September 25, 2020, by and among American Airlines, Inc., American Airlines Group Inc. and Wilmington Trust, National Association, as trustee and as collateral trustee.#
4.2	Form of 10.75%/12.00% PIK Senior Secured IP Notes due 2026 (included as Exhibit A to Exhibit 4.1).
4.3	Indenture (LGA/DCA Notes), dated as of September 25, 2020, by and among American Airlines, Inc., American Airlines Group Inc. and Wilmington Trust, National Association, as trustee and as collateral trustee.#
4.4	Form of 10.75%/12.00% PIK Senior Secured Notes due 2026 (included as Exhibit A to Exhibit 4.3).
4.5	Warrant Agreement, dated as of September 25, 2020, between American Airlines Group Inc. and the United States Department of the Treasury.
4.6	Form of Warrant (incorporated by reference to Annex B to Exhibit 4.5).
10.1	Loan and Guarantee Agreement, dated as of September 25, 2020, among American Airlines, Inc., American Airlines Group Inc., the other guarantors party thereto from time to time, the United States Department of the Treasury and the Bank of New York Mellon, as administrative and collateral agent.*
10.2	Amendment No. 13, dated as of July 13, 2020, 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.*
10.3	Letter Agreement, dated as of September 4, 2020, to the Purchase Agreement No. 03735 between American Airlines, Inc. and The Boeing Company, dated as of February 1, 2013.*
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	AAG 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	American 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).
101.1	Interactive data files pursuant to Rule 405 of Regulation S-T, formatted in Inline XBRL (eXtensible Business Reporting Language).
104.1	Cover page interactive data file (formatted in Inline XBRL and contained in Exhibit 101.1).

* Certain confidential information contained in this agreement has been omitted because it (i) is not material and (ii) would be competitively harmful if publicly disclosed.

Pursuant to Item 601(a)(5) 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.

SIGNATURES

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

American Airlines Group Inc.

Date: October 22, 2020

By: /s/ Derek J. Kerr

Derek J. Kerr
Executive Vice President and Chief Financial Officer
(Duly Authorized Officer and Principal Financial Officer)

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

American Airlines, Inc.

Date: October 22, 2020

By: /s/ Derek J. Kerr

Derek J. Kerr
Executive Vice President and Chief Financial Officer
(Duly Authorized Officer and Principal Financial Officer)

Exhibit 4.1

EXECUTION VERSION

AMERICAN AIRLINES, INC.

AND THE GUARANTORS PARTY HERETO FROM TIME TO TIME

10.75%/12.00% PIK SENIOR SECURED IP NOTES DUE 2026

INDENTURE (IP NOTES)

Dated as of September 25, 2020

Wilmington Trust, National Association

as Trustee and as Collateral Agent

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ARTICLE 12
MISCELLANEOUS

SCHEDULES

EXHIBITS

INDENTURE (IP NOTES) dated as of September 25, 2020 among American Airlines, Inc., a Delaware corporation, the Guarantors (as defined herein) and Wilmington Trust, National Association, a national banking association, as trustee and as collateral agent.

The Company, the Guarantors, the Trustee and the Collateral Agent agree as follows for the benefit of each other and for the equal and ratable benefit of the Holders (as defined herein) of the Company's 10.75%/12.00% PIK Senior Secured IP Notes due 2026 (the "*Notes*"):

ARTICLE 1
DEFINITIONS AND INCORPORATION BY REFERENCE

Section 1.01 *Definitions.*

"*144A Global Note*" means a Global Note substantially in the form of Exhibit A hereto bearing the Global Note Legend and the Private Placement Legend and deposited with or on behalf of, and registered in the name of, the Depositary or its nominee that will be issued in a denomination equal to the outstanding principal amount of the Notes sold in reliance on Rule 144A.

"*2013 Credit Agreement*" means that certain credit and guaranty agreement, dated as of June 27, 2013, by and among American, as borrower, the Parent, as a guarantor, certain other subsidiaries of the Parent, as guarantors, the lenders party thereto from time to time and Deutsche Bank AG New York Branch, as administrative agent and collateral agent, as amended, restated, modified, renewed, extended, refunded or replaced in any manner (whether upon or after maturity, termination or otherwise) or refinanced (including by means of sales of debt securities) in whole or in part from time to time.

"*2014 Credit Agreement*" means that certain credit and guaranty agreement, dated as of October 10, 2014, by and among American, as borrower, the Parent, as a guarantor, certain other subsidiaries of the Parent, as guarantors, the lenders party thereto from time to time and Citibank N.A., as administrative agent and collateral agent, as amended, restated, modified, renewed, extended, refunded or replaced in any manner (whether upon or after maturity, termination or otherwise) or refinanced (including by means of sales of debt securities) in whole or in part from time to time.

"*Account*" means 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 Control Agreements*" means a security and control agreement entered into by any Grantor, the Collateral Agent (or, prior to the Discharge of Senior Priority Obligations, the Senior Priority Representative, on behalf of the Secured Parties (as defined in the LGA/DCA Intercreditor Agreement) pursuant to the LGA/DCA Intercreditor Agreement) 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 Collateral Document, in each case giving the Collateral Agent control (as defined in the UCC) over the applicable account.

"*Acquired Debt*" means, with respect to any specified Person:

(1) Indebtedness, Disqualified Stock or preferred stock of any other Person existing at the time such other Person is merged, consolidated or amalgamated with or into such specified Person, or became a Subsidiary of such specified Person, to the extent such Indebtedness is incurred or such Disqualified Stock or preferred stock is issued in connection with, or in contemplation of, such other Person merging, consolidating or amalgamating with or into, or becoming a Subsidiary of, such specified Person; and

(2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

"*Additional Collateral*" means (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 Company 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 Applicable Party; *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 to the Applicable Party, 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 Applicable Party, (d) aircraft and engines pledged to a trustee pursuant to Aircraft Security Agreement(s) or supplement(s) thereto, (e) aircraft engines pledged to a trustee pursuant to Spare Engines Security Agreement(s), supplement(s) thereto, or a security agreement substantially in the form of the Spare Engines Security Agreement, (f) Spare Parts to the extent that (i) such Spare Parts do not constitute Core Collateral (as defined in the December 2016 Credit Agreement as in effect on the Closing Date) immediately prior to the time such Additional Collateral is added or (ii) such Spare Parts are owned by a Grantor other than the Company or the 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), as applicable, for such Real Property Assets, in a form reasonably satisfactory to the Applicable Party and (i) any other assets acceptable to the Applicable Party, 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 Applicable Party.

"*Affiliate*" of any specified Person means 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, means 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 the Parent or any Subsidiary of the Parent) in whom a

Receivables Subsidiary makes an Investment in connection with a Qualified Receivables Transaction will be deemed to be an Affiliate of the 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.

"*Agent*" means any Registrar, co-registrar, Paying Agent or additional paying agent.

"*Aircraft Related Equipment*" means 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 or other flight or ground equipment and other operating assets.

"*Aircraft Related Facilities*" means (i) airport terminal facilities, including without limitation, baggage systems, loading bridges and related equipment, building, infrastructure and maintenance facilities, tooling facilities, club rooms, apron, fueling systems or facilities, signage/image systems, administrative offices, information technology systems and security systems, (ii) airline support facilities, including without limitation, cargo, catering, mail, ground service equipment, ramp control, de-icing, hangars, aircraft parts/storage, training, office and reservations facilities and (iii) all equipment and tooling used in connection with the foregoing.

"*Aircraft Security Agreement*" means (i) with respect to any aircraft (comprised of an airframe and its related engines) that may be pledged by a Grantor as Additional Collateral after the date hereof, a security agreement substantially in the form of Exhibit N hereto and (ii) with respect to any spare engine that may be pledged by a Grantor as Additional Collateral after the date hereof, a spare engine security agreement based on the form of aircraft security agreement in Exhibit N hereto 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 N hereto and (y) such other changes proposed by the Company and reasonably acceptable to the Applicable Party, in the case of each of the foregoing clauses (i) and (ii), as amended, restated, amended and restated, supplemented or otherwise modified, renewed or replaced from time to time.

"*Airline/Company Merger*" means the merger or consolidation, if any, of the Parent with any Subsidiary of the Parent.

"*Airlines Merger*" means the merger, asset transfer, consolidation or any similar transaction involving one or more airline Subsidiaries of the Parent (including, without limitation, any such transaction that results in such Subsidiaries operating under a single operating certificate).

"*Airport Authority*" means 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"* means Aircraft Information Services, Inc.

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

"*AMR*" means AMR Corporation, a Delaware corporation, the predecessor to the Parent.

"*AMR Merger*" means the merger consummated pursuant to the AMR Merger Agreement.

"*AMR Merger Agreement*" means the Agreement and Plan of Merger, dated as of February 13, 2013, among AMR, AMR Merger Sub, Inc. and US Airways Group, Inc. as amended from time to time.

"*Applicable Holders*" means Holders of at least 25% in principal amount of the outstanding Notes.

"*Applicable Party*" means, with respect to any action, consent, approval, or determination, the Controlling Party (or, on or after the Disposition Date, for so long as the Discharge of Senior Priority Obligations has not occurred, the Senior Priority Representative, if and to the extent the Senior Priority Representative has authorized or taken the comparable action or given or made the comparable consent, approval or determination, in each case, pursuant to the corresponding provision of the applicable Senior Priority Document (as defined in the LGA/DCA Intercreditor Agreement)).

"*Applicable Premium*" means, with respect to any redemption, repayment, prepayment, satisfaction or discharge (whether in whole or in part or in cash or otherwise) of all or any portion of the Notes with respect to which the Applicable Premium is payable pursuant to the applicable provision of this Indenture (including as a result of any acceleration, bankruptcy, insolvency or reorganization proceeding (but, for avoidance of doubt, excluding repurchase upon consummation of a Change of Control Offer or Asset Sale Offer)), an amount equal to (i) on or after the Closing Date but prior to the First Call Date, the amount, if any, by which (a) the sum of the present values as of the date of redemption, repayment, prepayment, satisfaction or discharge of (1) the remaining payments of interest on the Notes to be redeemed, repaid, prepaid, satisfied or discharged from the date of redemption, repayment, prepayment, satisfaction or discharge through the First Call Date (excluding accrued and unpaid interest to the date of redemption, repayment prepayment, satisfaction or discharge), plus (2) the redemption price as of the First Call Date of the Notes to be redeemed, repaid, prepaid, satisfied or discharged (i.e., 105.375% of the principal amount of such Notes, plus the amount of interest that would be accrued and unpaid from the Interest Payment Date immediately preceding the First Call Date through the First Call Date), assuming that, for purposes of calculating each of clauses (1) and (2), such Notes were to remain outstanding to the First Call Date and then be redeemed on the First Call Date at the redemption price described above, and, in the case of each of clauses (1) and (2), discounted to the date of redemption, repayment, prepayment, satisfaction or discharge on a semiannual basis (based on a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 50 basis points, exceeds (b) the principal amount of the Notes to be redeemed, repaid, prepaid, satisfied or discharged (*provided*, *however*, that in no case shall the Applicable Premium under this clause (i) be less than 5.375% of the principal amount of the Notes to be redeemed, repaid, prepaid, satisfied or discharged), (ii) on or after the First Call Date but on or prior to the fifth anniversary of the Closing Date, 5.375% of the principal amount of the Notes to be redeemed, repaid, prepaid, satisfied or discharged, and (iii) after the fifth anniversary of the Closing Date, zero. For purposes of clause (i) hereof, in all cases, the remaining payments of interest will be based on the per annum interest rate applicable to payments of interest entirely in cash (i.e., 10.75%). The Applicable Premium shall be calculated by the Company, and the Trustee shall have no duty or obligation to verify such calculation.

"*Applicable Procedures*" means, with respect to any notice, transfer, exchange, or other transaction for or with respect to beneficial interests in any Global Note, the rules and procedures of the Depositary, Euroclear and Clearstream that apply to such notice, transfer, exchange or other transaction.

"*Appraisal*" means (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 Company's option, MBA, ICF or PAC (provided that such appraiser must be independent) or any other appraiser appointed by the Company and reasonably acceptable to the Applicable Party, (b) with respect to Spare Parts, at the Company's option, MBA, ICF, Sage or PAC (provided that such appraiser must be independent) or any other appraiser appointed by the Company and reasonably acceptable to the Applicable Party, (c) with respect to any aircraft, airframe or engine, at the Company'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 Company and reasonably acceptable to the Applicable Party, (d) with respect to Real Property Assets, CB Richard Ellis (provided that such appraiser must be independent) or any other appraiser appointed by the Company and reasonably acceptable to the Applicable Party, and (e) with respect to any other type of property, at the Company's option, MBA, ICF, Sage or PAC (provided that such appraiser must be independent) or any other appraiser appointed by the Company and reasonably acceptable to the Applicable Party (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 Applicable Party (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 Applicable Party (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 Company to the applicable 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 Applicable Party (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 Foreign Gate Leaseholds pledged pursuant to a security agreement that is substantially similar to the SGR Security Agreement (A) (i) shall 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 Applicable Party (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 Company, 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*" means, as of any date, (x) with respect to any cash pledged or being pledged at such time as LGA/DCA 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 LGA/DCA Collateral or maintained in the Collateral Proceeds Account, 160% of the fair market value thereof, as determined by the Company 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 Foreign Gate Leaseholds referred to in clause (4) of the definition of "Appraisal," subject to the first proviso

in 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 LGA/DCA Collateral consisting of property described in clause (z), (A) if no Appraisal relating to such LGA/DCA Collateral has been delivered to the Trustee and the Collateral Agent prior to such date, the Appraised Value of such LGA/DCA Collateral shall be deemed to be zero and (B) if an Appraisal relating to such LGA/DCA Collateral has been delivered to the Trustee and the Collateral Agent prior to such date, but no Appraisal relating to such LGA/DCA Collateral has been delivered to the Trustee and the Collateral 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 LGA/DCA Collateral shall be deemed to be zero for the period from such Required Appraisal Date to the date an Appraisal relating to such LGA/DCA Collateral is delivered to the Trustee and the Collateral Agent.

"*Approved Fund*" means, with respect to any GS Person, any Person (other than a natural person) that is engaged in making, purchasing, holding or investing in bank loans, debt securities and/or similar extensions of credit in the ordinary course of business and that is administered or managed by (a) such GS Person, (b) an Affiliate of such GS Person or (c) an entity or an Affiliate of an entity that administers or manages such GS Person.

"*April 2016 Credit Agreement*" means that certain credit and guaranty agreement, dated as of April 29, 2016, by and among American, as borrower, the Parent, as a guarantor, certain other subsidiaries of the Parent, as guarantors, the lenders party thereto from time to time and Barclays Bank PLC, as administrative agent and collateral agent, as amended, restated, modified, renewed, extended, refunded or replaced in any manner (whether upon or after maturity, termination or otherwise) or refinanced (including by means of sales of debt securities) in whole or in part from time to time.

"*Ascend*" means Ascend Worldwide Limited.

"*Asset Sale Offer*" means, with respect to any Specified Disposition, an offer to all Holders to repurchase the Notes in an amount equal to the Asset Sale Offer Amount pursuant to procedures set forth in Section 4.16, at a purchase price in cash equal to 100% of the aggregate principal amount of the Notes repurchased, plus accrued and unpaid interest on the Notes repurchased to, but excluding, the date of repurchase (the "*Asset Sale Offer Purchase Date*").

"*AVITAS*" means AVITAS, Inc.

"*Banking Product Obligations*" means, 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 and any related 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 Law*" means Title 11, U.S. Code or any similar federal or state law for the relief of debtors.

"*Beneficial Owner*" has 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. The terms "*Beneficially Own*", "*Beneficially Owns*", "*Beneficially Owned*" and "*Beneficial Ownership*" have corresponding meanings.

"*Board of Directors*" means:

(1) with respect to a corporation, the board of directors or other governing body of the corporation or any committee thereof duly authorized to act on behalf of such board of directors;

(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.

"*Business Day*" means a day other than a Saturday, Sunday or other day on which banking institutions are authorized or required by law to close in New York City or, with respect to payments, a place of payment of the Notes.

"*Capital Markets Offering*" means any offering of "securities" (as defined under the Securities Act and, including, for 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(a)(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*" means:

(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 any debt securities convertible into Capital Stock, whether or not such debt securities include any right of participation with Capital Stock.

"*Cash Equivalents*" means, as of the date acquired, purchased or made, as applicable: (i) 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; (ii) 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, at the time of the acquisition thereof, a rating of at least A- (or the equivalent thereof) from S&P or A3 (or the equivalent thereof) from Moody's; (iii) 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; (iv) 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; (v) 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 under the Credit Facilities 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 $250.0 million; (vi) 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; (vii) 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 (i) through (vi) above, in each case, as of such date, including, but not be limited to, money market funds or short-term and intermediate bonds funds; (viii) 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; (ix) 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; (x) investments made pursuant to the Parent's or any of its Restricted Subsidiaries' investment guidelines; (xi) deposits available for withdrawal on demand with commercial banks organized in the United States having capital and surplus in excess of $100.0 million; (xii) 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 (xiii) 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.

"*Cash Liquidity*" means, at any time, the aggregate amount of Unrestricted Cash of the Parent and its Restricted Subsidiaries, on a consolidated basis, at such time.

"*Change of Control*" means the occurrence of any of the following:

(1) the sale, lease, 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 the Parent 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 the 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 the Parent (measured by voting power rather than number of shares), other than, in the case of clause (1) above or this clause (2) (i) any such transaction where the Voting Stock of the 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 (ii) any sale, transfer, conveyance or other disposition to, or any merger or consolidation of the 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 (2), 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 avoidance of doubt, the merger or consolidation, if any, of the Parent with any Subsidiary of the Parent or any merger or consolidation, if any, of any Subsidiary of the Parent with any other Subsidiary of the Parent will not constitute a "Change of Control."

"*Clearstream*" means Clearstream Banking, S.A.

"*Closing Date*" means the date of original issuance of the Notes.

"*Co-Branded Card Agreements*" means that certain Co-Branded Credit Card Program Agreement, dated as of July 8, 2016, between American Airlines, Inc. and Barclays Bank Delaware, as amended, restated, supplemented or otherwise modified from time to time, that certain Co-Branded Credit Card Program Agreement, dated as of June 30, 2016, between American Airlines, Inc. and Citibank, N.A., as amended, restated, supplemented or otherwise modified from time to time, and any other similar agreements or agreements related to the sale of miles entered into by the Parent or any of its Subsidiaries from time to time.

"*Collateral*" means, collectively, the IP Collateral and the LGA/DCA Collateral.

"*Collateral Agent*" means Wilmington Trust, National Association, in its capacity as such, until a successor replaces it in accordance with the applicable provisions of this Indenture and thereafter means the successor serving hereunder.

"*Collateral Change in Law*" has the meaning assigned to that term in the definition of "Core Collateral."

"*Collateral Coverage Failure*" means either (i) a Collateral Coverage Ratio Failure or (ii) a Core Collateral Failure.

"*Collateral Coverage Ratio*" means, as of any date of determination, the ratio of (i) the Appraised Value of the LGA/DCA Collateral with respect to such date of determination to (ii) the sum, without duplication, of (a) the aggregate principal amount of all Priority Lien Debt then outstanding (excluding any LC Exposure that has been Cash Collateralized in accordance with the terms of the December 2016 Credit Agreement) *plus* (b) the aggregate amount of all Designated Hedging Obligations and Designated Banking Product Obligations that constitute Obligations then outstanding. All calculations of the Collateral Coverage Ratio shall be made by the Company in good faith. Neither the Trustee nor the Collateral Agent will have any responsibility for determining the Collateral Coverage Ratio. The capitalized terms "Cash Collateralized", "Designated Hedging Obligations" and "Designated Banking Product Obligations", "LC Exposure", and "Obligations" used in this definition have the meanings given to such terms in the December 2016 Credit Agreement. All calculations of the Collateral Coverage Ratio shall be made on a pro forma basis after giving effect to (except as otherwise provided herein) any release or Disposition of LGA/DCA Collateral, the pledge of any Additional Collateral (including cash and Cash Equivalents) constituting LGA/DCA Collateral, the incurrence of Priority Lien Debt and the application of the net proceeds therefrom, or the repayment of Priority Lien Debt, in each case occurring prior to or substantially concurrently with the applicable date of determination.

"*Collateral Coverage Ratio Certificate*" means an Officer's Certificate calculating the Collateral Coverage Ratio substantially in the form of Exhibit P hereto.

"*Collateral Coverage Ratio Failure*" means, 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*" means the IP Intercreditor Agreement, the LGA/DCA Intercreditor Agreement, any IP Security Agreement, any LGA/DCA Security Agreement, and any other security agreements, pledge agreements, collateral assignments, mortgages, deeds of trust, debentures, collateral agency agreements, collateral trust agreements, intercreditor agreements, control agreements or other grants or transfers for security executed and delivered by the Company and/or any Grantor creating (or purporting to create) a Lien upon Collateral in favor of the Collateral Agent, for the benefit of any of the Secured Parties, in each case, as amended, modified, renewed, restated or replaced, in whole or in part, from time to time, in accordance with its terms and Article 9 or Section 11.03 of this Indenture.

"*Collateral Proceeds Account*" means a segregated account or accounts held by or under the control of the Collateral Agent (or, prior to the Discharge of Senior Priority Obligations, the Senior Priority Representative, on behalf of the Secured Parties (as defined in the LGA/DCA Intercreditor Agreement) pursuant to the LGA/DCA Intercreditor Agreement) into which the Net Proceeds of any Recovery Event or Disposition of LGA/DCA Collateral may be deposited.

"*Commuter Slot*" means 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).

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

"*Comparable Treasury Issue*" means the United States Treasury security selected by the Quotation Agent as having a maturity comparable to the First Call Date that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the First Call Date.

"*Comparable Treasury Price*" means, with respect to any date of redemption, repayment, prepayment, satisfaction or discharge of Notes in connection with which the Applicable Premium is payable, the average of two Reference Treasury Dealer Quotations for such date of redemption, repayment, prepayment, satisfaction or discharge.

"*Competitor*" means any Person that is or becomes a competitor of the Company and is designated by the Company as such in a writing provided to the Trustee and, for so long as any GS Purchaser Beneficially Owns any Notes, the GS Purchasers.

"*Consolidated EBITDAR*" means, 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 the 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 the 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 Merger, any Airlines Merger or any Airline/Company 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; *minus*

(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 (i) income tax credits and (ii) interest income included in computing such Consolidated Net Income;

in each case, determined on a consolidated basis in accordance with GAAP.

"*Consolidated Net Income*" means, 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 (or 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 Parent's reorganization plan in connection with the AMR Merger, any Airline/Company Merger or Airlines Merger); 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 Investment, acquisition, disposition, recapitalization or incurrence or repayment of Indebtedness permitted under this Indenture, including a refinancing thereof (in each case whether or not successful) (including but not limited to any one or more of the AMR Merger, any Airlines Merger and any Airline/Company 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 a 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 Accounting Standards Codification 815—Derivatives and Hedging 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, writedown 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 Merger, any Airlines Merger and any Airline/Company 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*" means, as of any date of determination, Consolidated Total Assets of the 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*" means, as of any date of determination, the sum of the amounts that would appear on a consolidated balance sheet of the Parent and its consolidated Restricted Subsidiaries as the total assets of the Parent and its Restricted Subsidiaries in accordance with GAAP.

"*continuing*" means, with respect to any Default or Event of Default, that such Default or Event of Default has not been cured or waived.

"*Controlling Party*" means (a) prior to the Disposition Date, the GS Purchasers, and (b) from and after the Disposition Date, Holders of at least a majority in aggregate principal amount of the outstanding Notes.

"*Convertible Indebtedness*" means Indebtedness of the Parent or a Restricted Subsidiary of the Parent (which may be guaranteed by the Parent) permitted to be incurred under the terms of this Indenture that is either (a) convertible or exchangeable into common stock of the Parent or a parent company of the 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 the Parent or a parent company of the issuer and/or cash (in an amount determined by reference to the price of such common stock).

"*Core Collateral*" means the following assets:

(1) a number of FAA Slots (other than any Temporary Slots) held by the Company at DCA that is not less than the sum of (A) the product of (I) 66% and (II) 339 (or such other number that the Company may, with the consent of the Controlling Party, certify to in an officer's certificate after the Closing Date as being the total number of FAA Slots (other than any Temporary Slots) that are Mainline Slots held by the Company at DCA) and (B) the product of (I) 66% and (II) 145 (or such other number that the Company may, with the consent of the Controlling Party, certify to in an officer's certificate after the Closing Date as being the total number of FAA Slots (other than any Temporary Slots) that are Commuter Slots held by the Company at DCA); and

(2) a number of FAA Slots (other than any Temporary Slots) held by the Company at LGA that is not less than the product of (I) 66% and (II) 329 (or such other number that the Company may, with the consent of the Controlling Party, certify to in an officer's certificate after the Closing Date as being the total number of FAA Slots (other than any Temporary Slots) held by the Company at LGA).

Notwithstanding the foregoing, with respect to any Slots constituting all or any portion of the Core Collateral, if any change in applicable law, rule, regulation or treaty or any change in interpretation thereof, in each case, arising following the Closing Date (a "*Collateral Change in Law*"), would result, directly or indirectly, in the pledge of such Collateral to the Collateral Agent (i) constituting 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) constituting a violation, default or breach of any term of any agreement for Indebtedness or any security agreement to which such Grantor was party prior to such Collateral Change in Law or (iii) entitling 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), then the Core Collateral shall be deemed to exclude such Slots so long as after giving pro forma effect to such exclusion (and giving effect to the inclusion of any Additional Collateral and the prepayment or redemption of any Priority Lien Debt), no Collateral Coverage Ratio Failure shall have occurred.

"*Core Collateral Failure*" means, as of any date of determination, the failure of the LGA/DCA Collateral to include the Core Collateral as of such date.

"*Corporate Trust Office*" means the office of the Trustee at which at any particular time its corporate trust business related to this Indenture shall be principally administered.

"*Credit Agreements*" means (1) the 2013 Credit Agreement, (2) the 2014 Credit Agreement, (3) the April 2016 Credit Agreement, (4) the December 2016 Credit Agreement, and (5) any debt facility or credit agreement provided pursuant to any governmental authority.

"*Credit Card*" means any agreement or plan relating to a credit card, debit card, charge card, purchasing card or other similar system.

"*Credit Facilities*" means, one or more debt facilities, commercial paper facilities, reimbursement agreements or other agreements, including, without limitation, the Credit Agreements, 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 maturity, termination or otherwise) or refinanced (including by means of sales of debt securities) in whole or in part from time to time.

"*Cure Collateral*" means Additional Collateral provided pursuant to Section 4.14(b) in order to comply with Section 4.14.

"*Custodian*" means the Trustee, as custodian with respect to the Notes in global form, or any successor entity thereto.

"*DCA*" means Ronald Reagan Washington National Airport, Washington D.C.

"*December 2016 Credit Agreement*" means that certain credit and guaranty agreement, dated as of December 15, 2016, by and among American, as borrower, the Parent, as a guarantor, certain other subsidiaries of the Parent, as guarantors, the lenders party thereto from time to time and Citibank, N.A., as administrative agent and collateral agent, as amended, restated, modified, renewed, extended, refunded or replaced in any manner (whether upon or after maturity, termination or otherwise) or refinanced (including by means of sales of debt securities) in whole or in part from time to time.

"*Default*" means any event which, unless cured or waived, is, or after notice or passage of time or both would be, an Event of Default.

"*Definitive Note*" means a certificated Note registered in the name of the Holder thereof and issued in accordance with Section 2.06 hereof, substantially in the form of Exhibit A hereto except that such Note shall not bear the Global Note Legend and shall not have the "Schedule of Exchanges of Interests in the Global Note" attached thereto.

"*Depositary*" means, with respect to the Notes issuable or issued in whole or in part in global form, the Person specified in Section 2.03 hereof as the Depositary with respect to the Notes, and any and all successors thereto appointed as Depositary hereunder and having become such pursuant to the applicable provision of this Indenture.

"*Discharge of Senior Priority Obligations*" shall have the meaning set forth in the LGA/DCA Intercreditor Agreement.

"*Disposition*" means, with respect to any property, any sale, lease, sale and leaseback, conveyance, transfer or other disposition thereof; *provided*, that (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 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 service provider and any such purpose or for transfer from one location owned or used by the Company (or of any other Grantor under a Collateral Document granting a security interest 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 Company 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. The terms "*Dispose*" and "*Disposed of*" shall have correlative meanings.

"*Disposition Date*" means the first date occurring after the Closing Date on which the GS Purchasers (in the aggregate) cease to Beneficially Own more than 50% of the aggregate principal amount of the then outstanding Notes. The Disposition Date shall not be deemed to have occurred unless the Company, the Trustee and the Collateral Agent have received written notice from the GS Purchasers that the Disposition Date has occurred (it being understood that the Company, the Trustee and the Collateral Agent will be entitled to rely on any such written notice from the GS Purchasers (or the absence of any such written notice from the GS Purchasers) for purposes of this Indenture).

"*Disqualified Stock*" means 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 date on which the Notes mature. 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 the Parent or any Restricted Subsidiary 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 the 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 4.07 hereof. The amount of Disqualified Stock deemed to be outstanding at any time for purposes of this Indenture will be the maximum amount that the 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.

"*Domestic Subsidiary*" means 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*" means the United States Department of Transportation and any successor thereto.

"*Equity Interests*" means 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).

"*ERISA*" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated thereunder.

"*ERISA Affiliate*" means any trade or business (whether or not incorporated) that, together with American, 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.

"*Euroclear*" means Euroclear Bank, S.A./N.V., as operator of the Euroclear system.

"*Exchange Act*" means the Securities Exchange Act of 1934, as amended.

"*Excluded Contributions*" means net cash proceeds received by the 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 the 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 Section 4.07(a)(2) hereof.

"*Excluded Subsidiary*" means 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 Company and the Applicable Party reasonably agree that the burden or cost or other consequences of providing a guarantee of the Note 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 Company and notified in writing to the Trustee), (7) that is an Unrestricted Subsidiary, (8) that is a Foreign Subsidiary or (9) AWHQ LLC.

"*Existing Indebtedness*" means all Indebtedness of the Parent and its Subsidiaries (other than Indebtedness incurred under clause (1) or (3) of the definition of "*Permitted Debt*") in existence on the Closing Date until such amounts are repaid.

"*Existing Notes*" means (1) the 5.000% Senior Notes due 2022, issued by the Parent and guaranteed by American, (2) the 3.75% Senior Notes due 2025, issued by the Parent and guaranteed by American, and (3) the 11.75% Senior Secured Notes due 2025, issued by American and guaranteed by the Parent.

"*FAA*" means the United States Federal Aviation Administration and any successor thereto.

"*FAA Slot*" means, 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.

"*Fair Market Value*" means 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 an Officer of the Parent; *provided* that any such 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.

"*Finance Lease Obligation*" means, 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 accounted for as a financing or capital lease (and, for avoidance of doubt, not a straight-line or operating lease) on both the balance sheet and income statement for financial reporting purposes in accordance with GAAP as in effect prior to giving effect to the adoption of Accounting Standards Update ("ASU") No. 2016-02 "Leases (Topic 842)" and ASU No. 2018-11 "Leases (Topic 842)," and the Scheduled 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.

"*First Call Date*" means September 26, 2024.

"*Fixed Charge Coverage Ratio*" means with respect to any specified Person for any specified period, the ratio of the Consolidated EBITDAR of such Person for such period to the Fixed Charges of such Person for such period. If the specified Person or any of its Restricted Subsidiaries incurs, assumes, guarantees, repays, repurchases, redeems, defeases or otherwise discharges any Indebtedness (other than ordinary working capital borrowings) or issues, repurchases or redeems Disqualified Stock or preferred stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "*Calculation Date*"), then the Fixed Charge Coverage Ratio will be calculated giving pro forma effect (as determined in good faith by a responsible financial or accounting officer of the Parent) to such incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance or other discharge of Indebtedness, or such issuance, repurchase or redemption of Disqualified Stock or preferred stock, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable four-quarter reference period. In addition, for purposes of calculating the Fixed Charge Coverage Ratio:

(1) acquisitions that have been made by the specified Person or any of its Restricted Subsidiaries, including through mergers or consolidations, or any Person or any of its Restricted Subsidiaries acquired by the specified Person or any of its Restricted Subsidiaries, and including all related financing transactions and including increases in ownership of Restricted Subsidiaries, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date, or that are to be made on the Calculation Date, will be given pro forma effect (as determined in good faith by a responsible financial or accounting officer of the Parent and certified in an Officer's Certificate delivered to the Trustee, and including any operating expense reductions for such period resulting from such acquisition that have been realized or for which all of the material steps necessary for realization have been taken) as if they had occurred on the first day of the four-quarter reference period;

(2) the Consolidated EBITDAR attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded;

(3) the Fixed Charges attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded, but only to the extent that the obligations giving rise to such Fixed Charges will not be obligations of the specified Person or any of its Restricted Subsidiaries following the Calculation Date;

(4) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four-quarter period;

(5) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four-quarter period; and

(6) if any Indebtedness bears a floating rate of interest, the interest expense on such Indebtedness will be calculated as if the rate in effect on the Calculation Date had been

the applicable rate for the entire period (taking into account any Hedging Obligation applicable to such Indebtedness if such Hedging Obligation has a remaining term as at the Calculation Date in excess of 12 months).

"*Fixed Charges*" means, 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 Finance Lease Obligations 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 the Parent or a Restricted Subsidiary of the 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*" means the flight simulators and flight training devices owned by the Parent or any of its Restricted Subsidiaries.

"*Flyer Miles Obligations*" means, at any date of determination, all payment and performance obligations of the Parent or any of its Subsidiaries under any card marketing agreement with respect to credit cards co-branded by the Parent or any of its Subsidiaries 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 the Parent or any of its Subsidiaries with any bank, as amended, restated, modified, supplemented, replaced or extended from time to time. For purposes of clause (2) of the definition of "Permitted IP Liens", the principal amount of any Flyer Miles Obligations will be deemed to be, at any time, the amount of such Flyer Miles Obligations that would appear at such time as a liability on the consolidated balance sheets of the Parent in accordance with GAAP, as in effect on, and as applied by the Parent as of, the date of this Indenture. For purposes of clause (6) of the definition of "Permitted Pari Passu Debt", if any agreement with respect to Flyer Miles Obligations provides that the Parent or any of its Subsidiaries is required to make a payment in cash to the counterparty or counterparties on such Flyer Miles Obligations on a

specified date or dates, which cash payment or payments would be comparable (as reasonably determined by the Company) to (i) an installment of principal (i.e., amortization payment), sinking fund obligation or serial maturity payment owed on Indebtedness for borrowed money or (ii) the payment of principal at final scheduled maturity owed on Indebtedness for borrowed money, then, in the case of each of the foregoing clauses (i) and (ii), such payment or payments will be deemed to be an installment of principal, sinking fund obligation, serial maturity payment, or payment of principal at final scheduled maturity, as applicable, owed on Indebtedness for borrowed money that is due and payable on such specified date or dates. For avoidance of doubt, if the agreement or agreements with respect to the applicable Flyer Miles Obligations do not provide for any such reasonably comparable payment or payments, then for purposes of clause (6) of the definition of "Permitted Pari Passu Debt", the maturity date and Weighted Average Life to Maturity of such Flyer Miles Obligations will be deemed to be no earlier than, and no shorter than, that of the Notes.

"*Foreign Aviation Authority*" means 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*" means, 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 Slot*" means, 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*" means 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*" means generally accepted accounting principles in the United States of America, which, unless otherwise stated in connection with a particular metric, 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.

"*Gate Leasehold*" means 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*" means the Second Lien Security Agreement, dated as of the date hereof by and among the Company, 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 Collateral Agent substantially in the form of Exhibit J hereto, in each case as amended, restated, amended and restated, supplemented or otherwise modified, renewed or replaced from time to time.

"*Global Note Legend*" means the legend set forth in Section 2.06(f)(2) hereof, which is required to be placed on all Global Notes issued under this Indenture.

"*Global Notes*" means, individually and collectively, each of the Restricted Global Notes and the Unrestricted Global Notes deposited with or on behalf of and registered in the name of the Depositary or its nominee, substantially in the form of Exhibit A hereto and that bears the Global Note Legend and that has the "Schedule of Exchanges of Interests in the Global Note" attached thereto, issued in accordance with Section 2.01, 2.06(a), 2.06(b)(3), 2.06(b)(4), 2.06(d)(1), 2.06(d)(2) or 2.06(d)(3) hereof.

"*Government Securities*" means direct obligations of, or obligations guaranteed by, the United States of America, and the payment for which the United States pledges its full faith and credit and which are not callable or redeemable at the issuer's option.

"*Governmental Authority*" means 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*" means (i) the Company and (ii) any Guarantor that may from time to time provide a security interest in Collateral pursuant to the Collateral Documents.

"*Ground Service Equipment*" means the ground service equipment, de-icers, ground support equipment, aircraft cleaning devices, materials handling equipment, passenger walkways and other similar equipment owned by the Parent or any of its Restricted Subsidiaries.

"*GS Initial Purchaser*" means each of West Street Strategic Solutions Fund I, L.P., WSSS Investment Holdings B, L.P., WSSS Investments I, LLC and WSSS Investments F, Inc., and their successors.

"*GS Person*" means (i) each GS Initial Purchaser, (ii) each other affiliated investment entity and/or other affiliate of Goldman Sachs & Co. LLC, (iii) each fund, investment entity or institutional account that is managed or sponsored by Goldman Sachs & Co. LLC or its affiliates and (iv)(a) each limited partner or investor in any investment entity, fund or other investment vehicle described in clauses (i), (ii) and (iii) and (b) each Affiliate or Approved Fund of any Person described in clause (iv)(a).

"*GS Purchaser*" means (i) each GS Initial Purchaser, (ii) each other affiliated investment entity and/or other affiliate of Goldman Sachs & Co. LLC, (iii) each fund, investment entity or

institutional account that is managed or sponsored by Goldman Sachs & Co. LLC or its affiliates, in the case of each of the foregoing clauses (ii) and (iii), to the extent such Person is or becomes a Beneficial Owner of Notes or to which any Notes (or beneficial interests therein) are transferred or assigned.

"*Guarantee*" means a guarantee (other than (i) by endorsement of negotiable instruments for collection or (ii) 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).

"*Guarantors*" means, initially, the Parent, and after the date hereof, any Person that guarantees the Notes in accordance with Section 4.19 or Section 9.01(j) hereof, and their respective successors and assigns, in each case, until the Note Guarantee of such Person has been released in accordance with the provisions of this Indenture.

"*Hedging Obligations*" means, 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 avoidance of doubt, any Permitted Convertible Indebtedness Call Transaction will not constitute Hedging Obligations.

"*Holder*" means a Person in whose name a Note is registered.

"*ICF*" means ICF International, formerly known as ICF SH&E, Inc.

"*Immaterial Subsidiaries*" means 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 Note Obligations, any Priority Lien Debt or any Indebtedness secured by Junior Liens on the LGA/DCA Collateral or (2) owns any properties or assets that constitute LGA/DCA Collateral.

"*Indebtedness*" means, with respect to any specified Person, any indebtedness of such Person (excluding 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 Finance 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, but 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 Financial Accounting Standards Board Accounting Standards Codification 815—Derivatives and Hedging and related interpretations to the extent such effects would otherwise increase or decrease an amount of Indebtedness for any purpose under this Indenture as a result of accounting for any embedded derivatives created by the terms of such Indebtedness.

Notwithstanding the foregoing, none of the following will constitute Indebtedness: (a) Banking Product Obligations, (b) obligations under leases (other than leases determined to be Finance Lease Obligations under GAAP as in effect on the Closing Date), (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 the Parent'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 any of the Co-Branded Card Agreements, (i) a deferral of pre-delivery payments relating to the purchase of Aircraft Related Equipment, (j) obligations under any of the flyer miles participation agreements, (k) air traffic

liability, (l) payment obligations in connection with health or other types of social security benefits, (m) payment obligations in connection with lease maintenance return conditions on leased aircraft, (n) reserves for capital tax obligations and (o) reserves for obligations under land leases.

"*Indenture*" means this Indenture, as amended or supplemented from time to time.

"*Indirect Participant*" means a Person who holds a beneficial interest in a Global Note through a Participant.

"*Initial Appraisal*" means the most recent Appraisals delivered prior to the Closing Date pursuant to Section 5.06 of the December 2016 Credit Agreement.

"*Initial Collateral Release Date*" means the occurrence of a Disposition of LGA/DCA Collateral that is not a Permitted LGA/DCA Disposition pursuant to the terms hereof.

"*Initial Purchaser*" has the meaning set forth in the Note Purchase Agreement.

"*Institutional Accredited Investor*" means an institution that is an "accredited investor" as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act, who are not also QIBs.

"*Intellectual Property*" means all intellectual property and rights therein of every kind and nature now owned or hereafter acquired, in any jurisdiction throughout the world, including any and all: (a) trademarks, common law trademarks, service marks, trade names, brand names, legacy and successor brands, logos, trade dress, design rights and other similar designations of source, sponsorship, association or origin, together with all goodwill connected with the use of and symbolized by, and all renewals in respect of any of the foregoing; (b) domain names, whether or not trademarks or service marks, web addresses, web pages, websites and related content, accounts with Twitter, Facebook and other social media companies and the content found thereon and related thereto, and URLs; (c) copyrights, works of authorship, expressions, designs, whether or not copyrightable, unregistered copyrights, and moral rights, and all renewals in respect of any of the foregoing; (d) trade secrets, discoveries, business and technical information, marketing plans and research, know-how, methodologies, strategies, processes, databases, data collections, pricing and cost information, lists of existing or prospective suppliers or customers and information relating thereto, and other confidential and/or proprietary information and all rights therein; (e) inventions (whether or not patentable, and whether or not reduced to practice), all improvements thereto, patents and patent applications (including all parents, reissuances, divisionals, provisionals, continuations and continuations-in-part, re-examinations, renewals, substitutions and extensions thereof), and other patent rights; (f) rights in computer software or firmware, including any and all software implementation of algorithms, models and methodologies (whether in source code or object code), application programming interfaces, routines, schematics, databases and computations of data, and other related specifications and documentation; (g) other intellectual property rights and all rights to sue and recover monetary damages for any past, present, or future infringements, misappropriations, or other violations thereof; and (h) intellectual property rights in the copies and tangible embodiments (in whatever form or medium) of the foregoing.

"*Interest Payment Date*" has the meaning set forth in Exhibit A attached hereto.

"*Investments*" means, 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 the Parent or any Restricted Subsidiary of the Parent sells or otherwise disposes of any Equity Interests of any direct or indirect Restricted Subsidiary of the 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 the Parent, the 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 the Parent's Investments in such Subsidiary that were not sold or disposed of in an amount determined as provided in Section 4.07(e) hereof. Notwithstanding the foregoing, any Equity Interests retained by the 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 the Parent or any Restricted Subsidiary of the Parent after the Closing Date of a Person that holds an Investment in a third Person will be deemed to be an Investment by the 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 4.07(e) hereof. Except as otherwise provided in this Indenture, the amount of an Investment will be determined at the time the Investment is made and without giving effect to subsequent changes in value.

"*IP Collateral*" means all of the "Collateral" as defined in the IP Security Agreements (but, for avoidance of doubt, excluding all other Intellectual Property of the Parent and its Subsidiaries).

"*IP Intercreditor Agreement*" means an intercreditor agreement with respect to Indebtedness and/or other obligations secured by the IP Collateral, substantially in the form attached hereto as Exhibit G hereto (or otherwise in form and substance satisfactory to the Controlling Party), as amended, restated, amended and restated, supplemented or otherwise modified, renewed or replaced from time to time.

"*IP Security Agreement*" means (i) that certain Brand Security Agreement, dated as of the date of this Indenture, between the Company and Wilmington Trust, National Association, as Collateral Agent, and any future Grantor, as amended, restated, amended and restated, supplemented or otherwise modified, renewed or replaced from time to time and (ii) each other security agreement with respect to any Intellectual Property entered into in accordance with the terms of this Indenture or any IP Security Agreement, as amended, restated, amended and restated, supplemented or otherwise modified, renewed or replaced from time to time.

"*Junior Lien*" means (i) a Lien on the IP Collateral securing Indebtedness, Flyer Miles Obligations and/or other obligations, which Lien ranks junior to the Liens on the IP Collateral securing the Notes pursuant to the IP Intercreditor Agreement, or (ii) a Lien on the LGA/DCA Collateral securing Indebtedness, Flyer Miles Obligations and/or other obligations, which Lien ranks junior to the Liens on the LGA/DCA Collateral securing the Notes pursuant to an Other Junior Lien Intercreditor Agreement.

"*LGA*" means LaGuardia Airport, New York.

"*LGA/DCA Collateral*" means all of the "Collateral" as defined in the LGA/DCA Security Agreements (but, for avoidance of doubt, excluding the IP Collateral).

"*LGA/DCA Intercreditor Agreement*" means that certain Intercreditor Agreement, dated the date hereof, by and between Citibank, N.A., as original first lien agent, Wilmington Trust, National Association, as collateral agent for the LGA/DCA Notes, and Wilmington Trust, National Association, as Collateral Agent, as amended, restated, amended and restated, supplemented or otherwise modified, renewed or replaced from time to time.

"*LGA/DCA Mortgage*" means any mortgage, deed of trust or similar security instrument with respect to Real Property Assets constituting LGA/DCA Collateral, as amended, restated, amended and restated, supplemented or otherwise modified, renewed or replaced from time to time.

"*LGA/DCA Notes*" means the $200.0 million aggregate principal amount of the Company's 10.75% / 12.00% PIK Senior Secured Notes due 2026, issued on the Closing Date.

"*LGA/DCA Security Agreement*" means any Slot Security Agreement, SGR Security Agreement, Aircraft Security Agreement, General Security Agreement, Spare Parts Security Agreement, Spare Engines Security Agreement or LGA/DCA Mortgage.

"*Lien*" means, 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 (5) of the definition of "Permitted LGA/DCA 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 Uniform Commercial Code (or equivalent statutes) of any jurisdiction.

"*Liquidity*" means the sum of (i) all unrestricted cash and Cash Equivalents of the Parent and its Restricted Subsidiaries, (ii) cash and Cash Equivalents of the Parent and its Restricted Subsidiaries restricted in favor of any Priority Lien Debt, (iii) the aggregate principal amount committed and available to be drawn by the Parent and its Restricted Subsidiaries (taking into account all borrowing base limitations or other restrictions) under all revolving credit facilities of the 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 the 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).

"*Loyalty Program*" means the Grantors' AAdvantage® loyalty program and any similar arrangement pursuant to which a user, in connection with the user's purchase of goods or services, use of financial services and/or other behavior or activity, receives benefits, discounts and/or rewards (such as frequent flyer miles, status upgrades, boarding preferences, and fee waivers) from or on behalf of a Grantor and any and all financial services (including, without limitation, credit card or similar tangible or intangible access device services, whether or not part of any existing loyalty

program) as well as, in each case, the issuance, provision, and/or promotion of any of the foregoing and all goods and services that are part of such program.

"*Loyalty Program Subsidiary*" means any one or more Subsidiaries of the Company (and any one or more Subsidiaries of such Subsidiaries), which the Company (or any of its Subsidiaries or Subsidiaries of such Subsidiaries) forms for the purpose of holding (directly or indirectly) or owning any rights or assets (other than the Collateral) for use in connection with any Loyalty Program or for the purpose of incurring financing secured by such rights or assets.

"*Mainline Slot*" means any FAA Slot that is not a Commuter Slot.

"*Marketing and Service Agreements*" means those certain business, marketing and service agreements among the Parent and/or any of its Subsidiaries and regional airline carriers 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, marketing, alliance and joint business agreements that are entered into in the Ordinary Course of Business.

"*Material Adverse Effect*" means a material adverse effect on (a) the consolidated business, operations or financial condition of the Parent and its Restricted Subsidiaries, taken as a whole, (b) the validity or enforceability of any of this Indenture or the Collateral Documents or the rights or remedies of the Trustee, the Collateral Agent and the Holders of the Notes or (c) the ability of the Company and the Guarantors, taken as a whole, to pay the Note Obligations; *provided* that, for avoidance of doubt, any action taken or not taken within two years from the Closing Date in connection with or in furtherance of the AMR Merger and/or any related Airlines Merger shall be deemed not to constitute a Material Adverse Effect.

"*Material Indebtedness*" means any Indebtedness of the Company and/or Restricted Subsidiaries (other than the Notes) outstanding under the same agreement in a principal amount exceeding $150,000,000.

"*Maturity Date*" means February 15, 2026, the final scheduled maturity date of the Notes; provided that the final scheduled maturity date of the Notes (and the "Maturity Date") may be changed to an earlier date in accordance with Section 9.01(n).

"*MBA*" means Morten, Beyer & Agnew.

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

"*Net Proceeds*" means the aggregate cash and Cash Equivalents received by the Parent or any of its Restricted Subsidiaries in respect of any Disposition of LGA/DCA 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 LGA/DCA Collateral) or Recovery Event, net of: (a) the direct costs and expenses relating to such Disposition of LGA/DCA Collateral and incurred by the 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 LGA/DCA Collateral or Recovery Event, taxes

paid or payable as a result of the Disposition of LGA/DCA 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 LGA/DCA Collateral placed in escrow pursuant to the terms of such Disposition of LGA/DCA Collateral (either as a reserve for adjustment of the purchase price, or for satisfaction of indemnities in respect of such Disposition of LGA/DCA Collateral) until the termination of such escrow.

"*Non-Recourse Debt*" means Indebtedness:

(1) as to which neither the 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 the Parent or any of its Restricted Subsidiaries (other than the Equity Interests of an Unrestricted Subsidiary).

"*Non-Recourse Financing Subsidiary*" means 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.

"*Non-U.S. Person*" means a Person who is not a U.S. Person.

"*Note Guarantee*" means the Guarantee by the Parent of the Note Obligations or any other person providing a Guarantee pursuant to Section 4.19 or 9.01(j) under this Indenture and the Notes, executed pursuant to the provisions of this Indenture.

"*Note Obligations*" means all principal of, the Applicable Premium on, and interest on (including PIK Interest, if any; in case of default, interest on principal and, to the extent permitted by applicable law, on overdue interest; interest accruing after the maturity of the Notes; and interest accruing after the filing of any petition of bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to the Company, any Guarantor or any Grantor, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding) the Notes, when and as the same shall become due and payable, whether at Stated Maturity, upon redemption, upon acceleration, upon tender for repayment at the option of any Holder or otherwise, according to the terms thereof and of this Indenture and all other obligations and liabilities of the Company, the Guarantors and the Grantors with respect to the Notes, this Indenture, the Collateral Documents and the Note Purchase Agreement, whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, to any Holder, the Collateral Agent or the Trustee, whether on account of principal, the Applicable Premium, interest, fees, indemnities, out-of-pocket costs, and expenses (including all fees, charges and disbursements of counsel to the Trustee, the Collateral Agent or any GS Purchaser that are required to be paid by the Company pursuant to this Indenture or the Note Purchase Agreement) or otherwise.

"*Note Purchase Agreement*" means the Note Purchase Agreement, dated as of the Closing Date, among the Company, the Parent and the Initial Purchasers, as amended, restated, supplemented or otherwise modified from time to time.

"*Notes*" has the meaning assigned to it in the preamble to this Indenture.

"*Obligations*" means, with respect to any Indebtedness, any principal (including reimbursement obligations with respect to letters of credit whether or not drawn), interest (including all interest and fees accrued thereon after the commencement of any insolvency or liquidation proceeding at the rate, including any applicable post-default rate, specified in such indebtedness, even if such interest or fees are not enforceable, allowable or allowed as a claim in such proceeding), premium (if any), fees, indemnifications, reimbursements, expenses and other liabilities, in each case payable under the documentation governing such Indebtedness.

"*Officer*" means, with respect to any Person, the Chairman of the Board of Directors, the Chief Executive Officer, the President, the Chief Operating Officer, the Chief Financial Officer, the Treasurer, any Assistant Secretary, Assistant Treasurer, the Controller, the Secretary or any Executive Vice President, Senior Vice President or Vice-President of such Person.

"*Officer's Certificate*" means a certificate signed on behalf of the Company by any one of the following officers of the Company: the principal executive officer, the principal financial officer, the treasurer or the principal accounting officer of the Company, that meets the requirements of Section 12.03 hereof.

"*Operating Lease*" means, 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 Finance Lease Obligations.

"*Opinion of Counsel*" means an opinion from legal counsel who is reasonably acceptable to the Trustee, that meets the requirements of Section 12.03 hereof. The counsel may be an employee of or counsel to the Company, any Subsidiary of the Company or the Trustee.

"*Ordinary Course of Business*" means, with respect to the 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, the 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 Junior Lien Intercreditor Agreement*" means an intercreditor agreement with respect to Indebtedness, Flyer Miles Obligations and/or other obligations to be secured by Liens on the LGA/DCA Collateral on a junior basis to the Liens on the LGA/DCA Collateral securing the Note Obligations, (i) on terms substantially the same as the provisions with respect to junior liens set forth in the LGA/DCA Intercreditor Agreement, *mutatis mutandis*, or (ii) having terms reasonably satisfactory to the Controlling Party, in the case of each of the foregoing clauses (i) and (ii), as amended, restated, amended and restated, supplemented or otherwise modified, renewed or replaced from time to time.

"*PAC*" means Panum Aviation Consulting.

"*Parent*" means American Airlines Group Inc., a Delaware corporation, and its successors.

"*Pari Passu Debt*" means Indebtedness (other than the Notes and the Note Guarantees) and/or Flyer Miles Obligations, in each case that is secured by a Pari Passu Lien.

"*Pari Passu Lien*" means a Lien on the IP Collateral that is *pari passu* with the Liens on the IP Collateral securing the Note Obligations.

"*Participant*" means, with respect to the Depositary, Euroclear or Clearstream, a Person who has an account with the Depositary, Euroclear or Clearstream, respectively (and, with respect to DTC, shall include Euroclear and Clearstream).

"*Permitted Bond Hedge Transaction*" means any call or capped call option (or substantively equivalent derivative transaction) on the Parent's common stock (or a parent company of the 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*" means any business that is similar, or reasonably related, ancillary, supportive or complementary to, or any reasonable extension of the business in which the Parent and its Restricted Subsidiaries are engaged on the Closing Date.

"*Permitted Convertible Indebtedness Call Transaction*" means any Permitted Bond Hedge Transaction and any Permitted Warrant Transaction.

"*Permitted Investments*" means:

(1) any Investment in the Parent or in a Restricted Subsidiary of the Parent;

(2) any Investment in cash, Cash Equivalents and any foreign equivalents;

(3) any Investment by the Parent or any Restricted Subsidiary of the Parent in a Person, if as a result of such Investment:

(a) such Person becomes a Restricted Subsidiary of the 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, the Parent or a Restricted Subsidiary of the 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, 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 the Parent or any of its Subsidiaries in connection with any Hedging Obligation);

(8) loans or advances to officers, directors or employees made in the Ordinary Course of Business in an aggregate principal amount not to exceed $30.0 million at any one time outstanding;

(9) redemption or purchase of the Notes;

(10) any Guarantee of Indebtedness permitted to be incurred by Section 4.08 hereof other than a Guarantee of Indebtedness of an Affiliate of the Parent that is not a Restricted Subsidiary of the Parent;

(11) any Investment of the Parent and its Restricted Subsidiaries 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 such 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 Indenture;

(12) Investments or commitments to make Investments acquired after the Closing Date and any other Investments consisting of extensions, modifications or renewals of such Investments as a result of the acquisition by the Parent or any Restricted Subsidiary of the Parent of another Person, including by way of a merger, amalgamation or consolidation with or into the Parent or any of its Restricted Subsidiaries in a transaction that is not prohibited by Section 5.01 hereof 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 the Parent or a Subsidiary of the 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 Investments 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 the 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 $300.0 million;

(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 the Parent or any of its Affiliates operate, in an aggregate amount outstanding at any time not to exceed $300.0 million;

(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 $300.0 million 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 the 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 $30.0 million 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 the Parent or any other Guarantor, in an aggregate amount outstanding at any time not to exceed $300.0 million;

(29) Investments in connection with outsourcing initiatives in the Ordinary Course of Business;

(30) guarantees incurred in the Ordinary Course of Business of obligations that do not constitute Indebtedness of any regional air carrier doing business with the Parent or any of its Restricted Subsidiaries in connection with the regional air carrier's business with the Parent or such Restricted Subsidiary; advances to airport operators of landing fees and other customary airport charges for carriers on behalf of which the Parent or any of its Restricted Subsidiaries provides ground handling services;

(31) so long as no Default has occurred and is continuing, any Investment by the Parent and/or any Restricted Subsidiary of the Parent; and

(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 the Parent or any Restricted Subsidiary of the Parent and the Parent has determined that the incurrence of such Indebtedness is beneficial to the business of the Parent or any of its Restricted Subsidiaries, in an aggregate amount outstanding at any time not to exceed $300.0 million.

"*Permitted IP Collateral Disposition*" means:

(1) any settlement of litigation relating to the IP Collateral;

(2) (A) any exclusive license of IP Collateral granted only to any Person that is not an Affiliate of the Company in the ordinary course of business and consistent with past practices for limited durations and specific fields of use (other than airline operation services); *provided* that, in each case, (i) the Company shall maintain ownership of and title to such licensed IP Collateral, (ii) the Company shall have the entire right to exercise control over the quality of all licensed goods and services and (iii) all goodwill arising from such licensed use shall inure solely to the benefit of the Company; *provided*, *further*, that the Company may grant exclusive licenses by fleet type (i.e., size of aircraft) to its "American Eagle" trademarks to Affiliates and third parties to operate in particular specified regions in

the ordinary course of business and consistent with past practices for limited durations (subject to clauses (i), (ii) and (iii) of the immediately preceding proviso) and (B) any non-exclusive licenses and sublicenses of IP Collateral and other similar use authorizations of IP Collateral (i) granted to Restricted Subsidiaries, (ii) granted to other Persons in the ordinary course of business of the Company and its Restricted Subsidiaries or (iii) granted to any Person on a contingent basis in connection with any financing by the Parent or any of its Affiliates;

(3) Dispositions between or among any of (x) if the Parent is a Grantor (or the Parent shall become a Grantor simultaneous with such Disposition), the Parent, and (y) 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 any IP 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 IP Collateral to the Collateral Agent pursuant to a security agreement in substantially the same form as the security agreement covering such IP Collateral prior to such Disposition; and (ii) concurrently with, or promptly after, such Disposition, the Collateral Agent shall receive an Opinion of Counsel as to the creation and perfection under Article 9 of the UCC of the Lien of the security agreement; *provided further*, that following such Disposition, such IP 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 IP Liens) in favor of the Collateral Agent for the benefit of the Secured Parties;

(4) any Liens not prohibited by Section 4.12 (other than any Liens pursuant to clause (6) of the definition of "Permitted IP Liens");

(5) the abandonment or Disposition of Intellectual Property no longer useful or used in the business of the Parent and its Restricted Subsidiaries; *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 the Parent and its Restricted Subsidiaries taken as a whole; and

(6) any Disposition of any IP Collateral arising from the foreclosure or other exercise of remedies by the Collateral Agent with respect to such IP Collateral.

Notwithstanding any of the foregoing, Permitted IP Collateral Dispositions will not include any Disposition that involves or otherwise constitutes the transfer of title (except as provided in clause (3) above) or the exclusive licensing (except as provided in clause (2)(A) or (3) above) of any IP Collateral.

"*Permitted IP Liens*" means:

(1) Liens held by the Collateral Agent securing the Note Obligations;

(2) Pari Passu Liens securing Permitted Pari Passu Debt and all Obligations relating thereto; *provided* that the aggregate principal amount of all Permitted Pari Passu

Debt shall not exceed $4,000,000,000 at any one time outstanding (for avoidance of doubt, which amount is in addition to the $1,000,000,000 aggregate principal amount of Notes issued on the Closing Date and any PIK Payments);

(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 directly resulting from any Disposition permitted under Section 4.15 (other than any Disposition pursuant to clause (4) of the definition of "Permitted IP Collateral Disposition");

(7) Junior Liens; *provided* that such Liens, and the Indebtedness or other Obligations secured thereby, are subject to the IP Intercreditor Agreement; and

(8) Liens incurred in the Ordinary Course of Business of the Parent or any Restricted Subsidiary of the Parent with respect to obligations that do not exceed in the aggregate $30,000,000 at any one time outstanding; *provided* that such Liens do not secure any Indebtedness or Flyer Miles Obligations.

"*Permitted LGA/DCA Disposition*" means, with respect to Dispositions of LGA/DCA Collateral, any of the following:

(1) Dispositions between or among any of (x) if the Parent is a Grantor (or the Parent shall become a Grantor simultaneous with such Disposition), the Parent, and (y) 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 Applicable Party, concurrently with, or promptly after, such Disposition, the Collateral Agent shall receive an Opinion of Counsel (x) in the case of LGA/DCA 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, and (y) in the case of any other LGA/DCA 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 Applicable

Party; *provided further*, that following such Disposition, such LGA/DCA 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 LGA/DCA Liens) in favor of the Collateral Agent for the benefit of the Secured Parties;

(2) any Liens not prohibited by Section 4.12 (other than any Liens pursuant to clause (12) of the definition of "Permitted LGA/DCA Liens");

(3) Disposition of cash or Cash Equivalents in exchange for other cash or Cash Equivalents constituting LGA/DCA Collateral and having reasonably equivalent value therefor;

(4) the abandonment or Disposition of assets (other than Pledged Slots) no longer useful or used in the business of Parent and its Restricted Subsidiaries; *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 the Parent and its Restricted Subsidiaries taken as a whole;

(5) 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 LGA/DCA 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 (5)(A), a Responsible Officer of the Company determines in good faith and certifies in a Collateral Coverage Ratio Certificate delivered to the Trustee and the Collateral 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 Company shall deliver to the Trustee and the Collateral Agent an Appraisal of the portion of such LGA/DCA 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 LGA/DCA 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 LGA/DCA 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;

(6) 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 Company 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 Company or any of its Affiliates for purposes of this clause (6);

(7) any Disposition of LGA/DCA 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 Company), 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 Company 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 Company or any of its Affiliates in connection with such Disposition shall not constitute consideration;

(8) 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 Engines Security Agreement;

(9) any Disposition of LGA/DCA 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 4.15); and

(10) any Slot Arrangement not otherwise permitted in clauses (1) through (9) above, so long as:

(i) (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 Applicable Party (provided that, in connection with the Collateral Agent's enforcement of any remedies under this Indenture, the Collateral Agent shall not terminate or otherwise interfere with such Slot Arrangement prior to its expiration pursuant to the terms thereof), (B) as of the date of the entry into such Slot Arrangement, no Event of Default shall have occurred and be continuing and (C) as of the date of the entry into such Slot Arrangement, the Company shall be in compliance with Section 6.08;

(ii) such Slot Arrangement is effected in the Ordinary Course of Business of the Parent or any Subsidiary of the Parent in managing its portfolio of Slots and does not result in the sale or loss of the Parent's or such Subsidiary of the 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, (a) such Slot Arrangement shall be subject and subordinate to the rights (including remedies) of the Trustee and the Collateral Agent under the applicable Collateral Documents or (b) if all Pledged Slots subject to such Slot Arrangement were excluded from the LGA/DCA Collateral, no Collateral Coverage Failure would occur; *provided further*, that for 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;

(iii) such Slot Arrangement is for purposes of operations by another airline operating under a brand associated with the Company or otherwise operating routes at the Company's direction under a code share agreement, capacity purchase agreement, pro-rate agreement or similar arrangement between such airline and the Company; *provided*, that such Slot Arrangement shall not result in the sale or loss of the Parent's or any Subsidiary of the 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, (a) such Slot Arrangement shall be subject and subordinate to the rights (including remedies) of the Trustee and the Collateral Agent under the applicable Collateral Documents or (b) if all Pledged Slots subject to such Slot Arrangement were excluded from the LGA/DCA Collateral, no Collateral Coverage Failure would occur; *provided further*, that for 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

(iv) 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 Applicable Party.

"*Permitted LGA/DCA Liens*" means:

(1) Liens held by the Collateral Agent securing the Note Obligations;

(2) 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;

(3) 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;

(4) Liens arising by operation of law in connection with judgments, attachments or awards which do not constitute an Event of Default hereunder;

(5) 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;

(6) (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 any letter of credit account or the Collateral Proceeds Account;

(7) 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 the 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;

(8) 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 the 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 the Parent and its Subsidiaries, taken as a whole and (C) do not materially adversely affect the marketability of the applicable property;

(9) 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;

(10) 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;

(11) Liens incurred in the Ordinary Course of Business of the Parent or any Restricted Subsidiary of the Parent with respect to obligations that do not exceed in the aggregate $30,000,000 at any one time outstanding; *provided* that such Liens do not secure any Indebtedness (other than Finance Lease Obligations) or Flyer Miles Obligations;

(12) Liens directly resulting from (x) any Disposition permitted under Section 4.15 or (y) any sale of such LGA/DCA Collateral in compliance with Section 4.15 (in each case of

this clause (12), other than any Disposition or sale pursuant to clause (4) of the definition of "Permitted LGA/DCA Disposition";

(13) any (x) 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 LGA/DCA Collateral and (y) Liens due to any Collateral Change in Law that applies to any LGA/DCA Collateral;

(14) 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;

(15) 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 Company or the applicable Grantor pays such vendor within 60 days of such purchase;

(16) Liens on LGA/DCA Collateral permitted by any of the Collateral Documents;

(17) Priority Liens securing (a) (I) Indebtedness and other Obligations under the December 2016 Credit Agreement (including the revolving and term loan facilities thereof) and/or (II) any Indebtedness issued or incurred in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, extend, defease or discharge any Indebtedness or other Obligations specified in the foregoing clause (I); *provided* that in the case of clause (a)(I) (in connection with any incurrence of Indebtedness under the December 2016 Credit Agreement) and in the case of clause (a)(II), immediately after giving pro forma effect thereto, the use of proceeds therefrom and the pledge of additional assets as Additional Collateral (if any), the Collateral Coverage Ratio shall be no less than 1.6 to 1.0, (b) the LGA/DCA Notes and all Obligations relating thereto and (c) other Priority Lien Debt and all Obligations relating thereto; *provided* that in the case of this clause (c), (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) [reserved]; and (iii) such Indebtedness shall benefit only from substantially the same guarantees as the guarantees of the Notes and (d) 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 the foregoing clauses (b) or (c) of this clause (17); *provided* that in the case of this clause (d), immediately after giving pro forma effect thereto, the use of proceeds therefrom and the pledge of additional assets as Additional Collateral (if any), the Collateral Coverage Ratio shall be no less than 1.6 to 1.0;

(18) 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;

(19) in the case of any leased real property, any interest or title of the lessor thereof;

(20) Liens of creditors of any Person to whom the Parent's or any of its Restricted Subsidiaries' assets constituting LGA/DCA 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 LGA/DCA Collateral;

(21) Liens on Pledged Slots attributable to any Slot Arrangement or to the usage of any Slot by the Company or an Affiliate of the Company;

(22) Liens on Slots constituting LGA/DCA 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;

(23) Liens arising from precautionary UCC and similar financing statements relating to Operating Leases not otherwise prohibited under this Indenture or any Collateral Document;

(24) Liens on Ground Service Equipment constituting LGA/DCA Collateral solely to the extent attributable to the possession or use of such Ground Service Equipment constituting Collateral by the Parent or any Subsidiary of the Parent, so long as such Liens are subject and subordinate to the Lien of the Collateral Agent on such LGA/DCA Collateral; and

(25) Junior Liens; *provided* that such Liens, and the Indebtedness or other Obligations secured thereby, are subject to an Other Junior Lien Intercreditor Agreement.

"*Permitted Pari Passu Debt*" means any Pari Passu Debt; *provided*, *however*, that:

(1) immediately after giving pro forma effect to the incurrence of such Pari Passu Debt and the use of proceeds therefrom, no Default or Event of Default shall have occurred and be continuing or would result therefrom;

(2) such Pari Passu Debt shall not be secured by any Intellectual Property other than the IP Collateral (unless such Intellectual Property also secures the Note Obligations on a *pari passu* basis with such Pari Passu Debt);

(3) such Pari Passu Debt shall not be incurred or guaranteed by any Person other than the Company or a Guarantor (unless such Person also guarantees the Notes);

(4) such Pari Passu Debt shall be issued for cash in an aggregate amount (excluding customary closing fees, original issue discount, upfront fees or other fees) substantially equal to the aggregate principal amount of such Pari Passu Debt and substantially concurrently with such Pari Passu Debt being secured by the IP Collateral;

(5) the proceeds of such Pari Passu Debt shall be invested in the business of the Parent and its Restricted Subsidiaries, including for working capital of the Parent and its Restricted Subsidiaries and to service scheduled principal and interest payments on other Indebtedness (and such Pari Passu Debt shall not be issued in exchange for, and the net proceeds of Pari Passu Debt shall not be used to renew, refund, extend, refinance, replace, defease or discharge, Indebtedness of the Parent or any of its Affiliates);

(6) such Pari Passu Debt shall not mature earlier than, or have a Weighted Average Life to Maturity shorter than, that of the Notes (unless the final scheduled maturity date of the Notes (and the "Maturity Date") is changed to an earlier date in accordance with Section 9.01(n) to the extent necessary so that such Pari Passu Debt does not mature earlier than, or have a Weighted Average Life to Maturity shorter than, that of the Notes; *provided* that, if, after giving effect thereto, the Notes would become due and payable on or prior to the fifth anniversary of the Closing Date, then the Company must pay the Applicable Premium upon any such date that the Notes become due and payable (including on the Maturity Date (as so changed))); and

(7) such Pari Passu Debt, and the Liens on the IP Collateral securing such Pari Passu Debt, shall be subject to the IP Intercreditor Agreement.

"*Permitted Refinancing Indebtedness*" means any Indebtedness (or commitments in respect thereof) of the Parent or any of its Restricted Subsidiaries issued in exchange for, or the net proceeds of which are used to renew, refund, extend, refinance, replace, defease or discharge other Indebtedness of the 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 all or a portion of 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 maturity date of the Notes (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 final maturity date of the Notes;

(3) if the Indebtedness being renewed, refunded, extended, refinanced, replaced, defeased or discharged is subordinated in right of payment to the Notes, such Permitted Refinancing Indebtedness is subordinated in right of payment to the Notes on terms at least as favorable to the Holders of Notes 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 the 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*" means any call option, warrant or right to purchase (or substantively equivalent derivative transaction) on the Parent's common stock (or a parent company of the Parent's common stock) sold by the Parent substantially concurrently with any purchase of a related Permitted Bond Hedge Transaction.

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

"*Plan*" means 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 Company 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*" means, as of any date, the Foreign Gate Leaseholds included in the Collateral as of such date, if any.

"*Pledged Gate Leaseholds*" means, as of any date, the Gate Leaseholds included in the Collateral as of such date, if any.

"*Pledged Route Authorities*" means, as of any date, the Route Authorities included in the Collateral as of such date, if any.

"*Pledged Slots*" means, as of any date, the Slots included in the Collateral as of such date, if any.

"*Pledged Spare Parts*" means, as of any date, the Spare Parts included in the Collateral as of such date, if any.

"*Precedent SGR Appraisal*" means 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, the Company and Citibank N.A., as administrative agent and collateral agent.

"*Priority Lien*" means a Lien on the LGA/DCA Collateral ranking prior to the Liens on the LGA/DCA Collateral securing the Note Obligations, and which is subject to the LGA/DCA Intercreditor Agreement or another customary intercreditor agreement comparable to the LGA/DCA Intercreditor Agreement reasonably acceptable to the Controlling Party (*provided* that (i) any intercreditor agreement that is substantially in the form of the LGA/DCA Intercreditor Agreement will be deemed to be acceptable to the Controlling Party and (ii) on or after the Disposition Date, any intercreditor agreement the terms of which, taken as a whole, are no less favorable to the Secured Parties than the terms of the LGA/DCA Intercreditor Agreement, taken as a whole, (as reasonably determined by the Company) will be deemed to be acceptable to the Controlling Party).

"*Priority Lien Debt*" means Indebtedness (including Indebtedness under the December 2016 Credit Agreement and the LGA/DCA Notes) secured by a Priority Lien.

"*Private Placement Legend*" means the legend set forth in Section 2.06(f)(1) hereof to be placed on all Notes issued under this Indenture except where otherwise permitted by the provisions of this Indenture.

"*QEC Kits*" means the quick engine change kits owned by the Parent or any of its Restricted Subsidiaries.

"*QIB*" means a "qualified institutional buyer" as defined in Rule 144A.

"*Qualified Receivables Transaction*" means any transaction or series of transactions entered into by the Parent or any of its Subsidiaries pursuant to which the Parent or any of its Subsidiaries sells, conveys or otherwise transfers to (1) a Receivables Subsidiary or any other Person (in the case of a transfer by the Parent or any of its Subsidiaries) and (2) any other Person (in the case of a transfer by a Receivables Subsidiary), or grants a security interest in, any accounts receivable (whether now existing or arising in the future) of the 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 accounts receivable, all contracts and all Guarantees or other obligations in respect of such accounts receivable, proceeds of such accounts receivable and other assets which are customarily transferred or in respect of which security interests are customarily granted in connection with asset securitization transactions involving accounts receivable.

"*Qualifying Equity Interests*" means Equity Interests of the Parent other than Disqualified Stock.

"*Quotation Agent*" means the Reference Treasury Dealer appointed by the Company.

"*Real Property Assets*" means parcels of real property owned in fee by the Company 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 Company or any other Grantor.

"*Receivables*" means Accounts, and shall also include ticket receivables, sales of frequent flyer miles and other present and future revenues and receivables that may be the subset of a Qualified Receivables Transaction or another financing transaction.

"*Receivables Repurchase Obligation*" means 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*" means (x) a Subsidiary of the Parent which engages in no activities other than in connection with the financing or securitization of accounts receivable and which is designated by the Board of Directors of the Parent (as provided below) as a Receivables Subsidiary (a) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which (i) is guaranteed by the Parent or any Restricted Subsidiary of the 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), (ii) is recourse to or obligates the Parent or any Restricted Subsidiary of the 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 (iii) subjects any property or asset of the Parent or any Subsidiary of the 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 the Parent nor any Subsidiary of the 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 the Parent or such Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of the Parent, and (ii) fees payable in the Ordinary Course of Business in connection with servicing accounts receivable and (c) with which neither the Parent nor any Subsidiary of the 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 Parent will be evidenced to the Trustee by filing with the Trustee a certified copy of the resolution of the Board of Directors of the Parent giving effect to such designation and an Officer's Certificate certifying that such designation complied with the foregoing conditions. For avoidance of doubt, the Parent and any Restricted Subsidiary of the Parent may enter into Standard Securitization Undertakings for the benefit of a Receivables Subsidiary.

"*Recovery Event*" means 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 LGA/DCA Collateral or any Event of Loss (as defined in the related Collateral Document pursuant to which a security interest in such LGA/DCA Collateral is granted to the Collateral Agent).

"*Reference Treasury Dealer*" means Citigroup Global Markets Inc. and Goldman Sachs & Co. LLC, and their respective successors; *provided*, *however*, that if either of the foregoing shall cease to be a primary United States government securities dealer in New York City (a "*Primary Treasury Dealer*"), the Company will substitute therefor another Primary Treasury Dealer selected by the Company.

"*Reference Treasury Dealer Quotations*" means, with respect to each Reference Treasury Dealer and any date of redemption, repayment, prepayment, satisfaction or discharge, the average, as determined by the Company, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Company by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third Business Day preceding such date of redemption, repayment, prepayment, satisfaction or discharge.

"*Regional Airline*" means Envoy Aviation Group Inc., Piedmont Airlines, Inc. and PSA Airlines, Inc. and their respective Subsidiaries.

"*Regulation S*" means Regulation S promulgated under the Securities Act.

"*Regulation S Global Note*" means a Global Note substantially in the form of Exhibit A hereto bearing the Global Note Legend and the Private Placement Legend and deposited with or on behalf of and registered in the name of the Depositary or its nominee, issued in a denomination equal to the outstanding principal amount of the Notes sold in reliance on Rule 903 of Regulation S.

"*Responsible Officer*," when used with respect to the Trustee, means any officer within the corporate trust department of the Trustee with direct responsibility for the administration of this Indenture and also means, with respect to a particular matter with respect to this Indenture, any other officer of the Trustee to whom such matter is referred because of his or her knowledge of and familiarity with the particular subject, who shall have direct responsibility for the administration of this Indenture.

"*Restricted Definitive Note*" means a Definitive Note bearing the Private Placement Legend.

"*Restricted Global Note*" means a Global Note bearing the Private Placement Legend.

"*Restricted Investment*" means an Investment other than a Permitted Investment.

"*Restricted Period*" means the 40-day distribution compliance period as defined in Regulation S.

"*Restricted Subsidiary*" of a Person means any direct or indirect Subsidiary of the referent Person that is not an Unrestricted Subsidiary. Unless expressly indicated otherwise, each reference to a "Restricted Subsidiary" in this Indenture shall be deemed to refer to a Restricted Subsidiary of the Parent.

"*Route Authority*" means 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.

"*Rule 144*" means Rule 144 promulgated under the Securities Act.

"*Rule 144A*" means Rule 144A promulgated under the Securities Act.

"*Rule 903*" means Rule 903 promulgated under the Securities Act.

"*Rule 904*" means Rule 904 promulgated under the Securities Act.

"*S&P*" means S&P Global Ratings and its successors.

"*Sage*" means Sage Popovich, Inc.

"*Sale of a Grantor*" means, 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 the Parent or another Restricted Subsidiary of the Parent and (2) an issuance of directors' qualifying shares.

"*Scheduled Maturity*" means, 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.

"*Scheduled Service*" means, at any time of determination, any non-stop scheduled air carrier service being operated by any Grantor at such time that constitutes a "Scheduled Service" pursuant to any Security Agreement.

"*SEC*" means the Securities and Exchange Commission.

"*Secured Parties*" means the Holders, the Trustee, the Collateral Agent and each other holder of Note Obligations.

"*Securities Act*" means the Securities Act of 1933, as amended.

"*Security Agreement*" means any IP Security Agreement and any LGA/DCA Security Agreement.

"*Senior Priority Representative*" has the meaning set forth in the LGA/DCA Intercreditor Agreement.

"*SGR Security Agreement*" means any security agreement related to Route Authorities, Slots and/or Foreign Gate Leaseholds substantially in the form of Exhibit L hereto, as amended, restated, amended and restated, supplemented or otherwise modified, renewed or replaced from time to time.

"*Significant Subsidiary*" means any Restricted Subsidiary of the Company 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 Closing Date.

"*Slot*" means 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*" means the Second Lien Slot Security Agreement, dated as of the date hereof by and among the Company, 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 Collateral Agent substantially in the form of Exhibit K hereto, in each case as amended, restated, amended and restated, supplemented or otherwise modified, renewed or replaced from time to time

"*Spare Engines Security Agreement*" means any security agreement related to aircraft engines substantially in the form of Exhibit O hereto, as amended, restated, amended and restated, supplemented or otherwise modified, renewed or replaced from time to time.

"*Spare Parts*" means 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*" means 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, American and Barclays Bank PLC, as administrative agent and collateral agent.

"*Spare Parts Locations*" has the meaning set forth in any applicable Spare Parts Security Agreement.

"*Spare Parts Security Agreement*" means any security agreement related to Spare Parts substantially in the form of Exhibit M hereto, as amended, restated, amended and restated, supplemented or otherwise modified, renewed or replaced from time to time.

"*Specified Indebtedness*" means (i) any Permitted Pari Passu Debt and (ii) any Indebtedness secured by a Junior Lien on any IP Collateral.

"*Standard Securitization Undertakings*" means all representations, warranties, covenants, indemnities, performance Guarantees and servicing obligations entered into by the Parent or any Subsidiary (other than a Receivables Subsidiary), which are customary in connection with any Qualified Receivables Transaction.

"*Stated Maturity*" means the date specified in the Notes as the fixed date on which an amount equal to the principal amount of the Notes is due and payable.

"*Subsidiary*" means, 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.

"*Temporary FAA Slot*" means an FAA Slot that was obtained by a 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 Foreign Slot*" means a Foreign Slot that was obtained by a 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*" means 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.

"*Title 49*" means Title 49 of the U.S. Code, which, among other things, recodified and replaced the U.S. Federal Aviation Act of 1958, and the rules and regulations promulgated pursuant thereto or any subsequent legislation that amends, supplements or supersedes such provisions.

"*Transfer Restriction*" means, 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).

"*Transferee Certificate*" means a certificate substantially in the form of Exhibit I hereto, which certificate attaches satisfactory evidence to the Company that the signatory thereto is a non-objecting beneficial owner with respect to the Notes.

"*Treasury Rate*" means, with respect to any date of redemption, repayment, prepayment, satisfaction or discharge, (1) the yield, under the heading which represents the average for the immediately preceding week, as reported on the most recent H.15 page available through the website of the Board of Governors of the Federal Reserve System, or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption "Treasury Constant Maturities," for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three months before or after the First Call Date, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined, and the Treasury Rate shall be interpolated or extrapolated from such yields on a straight-line basis, rounding to the nearest month) or (2) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per year equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such date of redemption, repayment, prepayment, satisfaction or discharge. The Treasury Rate shall be calculated on the third Business Day preceding such date redemption, repayment, prepayment, satisfaction or discharge.

"*Trustee*" means Wilmington Trust, National Association in its capacity as such, until a successor replaces it in accordance with the applicable provisions of this Indenture and thereafter means the successor serving hereunder.

"*UCC*" means the Uniform Commercial Code as in effect from time to time in any applicable jurisdiction.

"*Unrestricted Cash*" means cash and Cash Equivalents of the Parent that (i) may be classified, in accordance with GAAP, as "unrestricted" on the consolidated balance sheets of the Parent or (ii) may be classified, in accordance with GAAP, as "restricted" on the consolidated balance sheets of the Parent solely in favor of the secured parties pursuant to any secured Credit Facility; *provided*, *however*, that Unrestricted Cash shall not include (a) cash or Cash Equivalents deposited as additional "collateral" for the obligations under a secured Credit Facility, (b) passenger

facility charges or (c) cash, Cash Equivalents or other assets carried in deposit accounts and securities accounts pursuant to the terms of a secured Credit Facility to the extent the secured parties thereunder are exercising control of such accounts.

"*Unrestricted Definitive Note*" means a Definitive Note that does not bear and is not required to bear the Private Placement Legend.

"*Unrestricted Global Note*" means a Global Note that does not bear and is not required to bear the Private Placement Legend.

"*Unrestricted Subsidiary*" means any Subsidiary of the Parent (other than the Company) that is designated by the Board of Directors of the Parent as an Unrestricted Subsidiary in compliance with Section 4.11 hereof pursuant to a resolution of the Board of Directors, but only if such Subsidiary:

(1) has no Indebtedness other than Non-Recourse Debt;

(2) is not party to any agreement, contract, arrangement or understanding with the Parent or any Restricted Subsidiary of the Parent involving aggregate payments or consideration in excess of $60,000,000, unless the terms of any such agreement, contract, arrangement or understanding are no less favorable to the Parent or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of the Parent;

(3) is a Person with respect to which neither the 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; and

(4) has not guaranteed or otherwise directly or indirectly provided credit support for any Indebtedness of the Parent or any of its Restricted Subsidiaries; and

(5) does not own (or, in the case of assets or properties that are described in the Collateral Documents as IP Collateral (without giving effect to references therein to Grantors), exclusively license) any assets or properties that are described in the Collateral Documents as Collateral (without giving effect to references therein to Grantors).

"*US Airways*" means US Airways, Inc., a Delaware corporation, which merged with and into the Parent with the Parent as the surviving entity, or such entity's successor.

"*U.S. Person*" means a U.S. Person as defined in Rule 902(k) promulgated under the Securities Act.

"*Voting Stock*" of any specified Person as of any date means 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*" means, 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.

Section 1.02 *Other Definitions.*

Term	Defined in Section
"*Acceleration Event*"	6.02
"*Authentication Order*"	2.02
"*Bankruptcy Custodian*"	6.01
"*Calculation Date*"	1.01
"*Change of Control Offer*"	4.10
"*Change of Control Payment*"	4.10
"*Change of Control Payment Date*"	4.10
"*Covenant Defeasance*"	8.04
"*DTC*"	2.03
"*Event of Default*"	6.01
"*incur*"	4.08
"*Interest Period*"	Ex. A
"*Leased Collateral*"	1.01
"*Legal Defeasance*"	8.03
"*Leased Slots*"	1.01
"*Paying Agent*"	2.03
"*Permitted Debt*"	4.08
"*Permitted Person*"	1.01
"*PIK Interest*"	Ex. A
"*PIK Notes*"	2.01
"*PIK Notice*"	2.01
"*PIK Option*"	Ex. A
"*PIK Payment*"	2.01
"*Primary Treasury Dealer*"	1.01
"*Registrar*"	2.03
"*Restricted Payments*"	4.07
"*TIA*"	1.03
"*Transfer*"	2.06

Section 1.03 *Application of Trust Indenture Act*. This Indenture is not and will not be qualified under the Trust Indenture Act of 1939, as amended (the "*TIA*"). Notwithstanding anything in this Indenture to the contrary, the TIA shall not apply and none of the Company, the Guarantors, the Trustee or the Collateral Agent shall be required to comply with the TIA.

Section 1.04 *Rules of Construction*.

Unless the context otherwise requires:

(1) a term has the meaning assigned to it;

(2) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;

(3) "or" is not exclusive;

(4) "including" is not limiting;

(5) words in the singular include the plural, and in the plural include the singular;

(6) "will" shall be interpreted to express a command;

(7) provisions apply to successive events and transactions; and

(8) references to sections of or rules under the Securities Act will be deemed to include substitute, replacement of successor sections or rules adopted by the SEC from time to time.

ARTICLE 2
THE NOTES

Section 2.01 *Form and Dating.*

(a) *General*. The Notes and the Trustee's certificate of authentication will be substantially in the form of Exhibit A hereto, which is hereby incorporated in and expressly made a part of this Indenture. The Notes may have notations, legends or endorsements required by law, stock exchange rule or usage. Each Note will be dated the date of its authentication. The Notes shall be in minimum denominations of $100,000 and integral multiples of $1,000 in excess thereof (or, if a PIK Payment has been made, in minimum denominations of $1.00 and integral multiples of $1.00 in excess thereof with respect to the portion of any Note constituting PIK Interest). Notwithstanding anything in this Indenture or any Collateral Document to the contrary, the aggregate principal amount of Notes that may be issued, authenticated and delivered hereunder may not exceed $1,000,000,000 (provided that nothing in this sentence shall restrict the making of PIK Payments or the issuance of any Notes pursuant to Sections 2.06 and 2.07; provided further that in no event shall the aggregate principal amount of Notes outstanding at any time under this Indenture exceed $1,000,000,000 (exclusive of PIK Payments)).

The terms and provisions contained in the Notes will constitute, and are hereby expressly made, a part of this Indenture and the Company, the Guarantors, the Trustee and the Collateral Agent, by their execution and delivery of this Indenture, expressly agree to such terms and provisions and to be bound thereby. However, to the extent any provision of any Note conflicts with the express provisions of this Indenture, the provisions of this Indenture shall govern and be controlling.

(b) *Global Notes and Definitive Notes*. Notes issued in global form will be substantially in the form of Exhibit A hereto (including the Global Note Legend thereon and the "Schedule of Exchanges of Interests in the Global Note" attached thereto). Each Global Note will represent such of the outstanding Notes as will be specified therein and each shall provide that it represents the aggregate principal amount of outstanding Notes from time to time endorsed thereon and that the aggregate principal amount of outstanding Notes represented thereby may from time to time be reduced or increased, as appropriate, to reflect exchanges and redemptions and PIK Payments. Any endorsement of a Global Note to reflect the amount of any increase or decrease in the aggregate principal amount of outstanding Notes represented thereby will be made by the Trustee or the Custodian, at the direction of the Trustee, in accordance with instructions given by the Holder thereof as required by Section 2.06 hereof or, in the case of an increase resulting from the payment of PIK Interest, in accordance with the provisions hereof. Notes issued in definitive form will be substantially in the form of Exhibit A hereto (but without the Global Note Legend thereon and without the "Schedule of Exchanges of Interests in the Global Note" attached thereto).

(c) *Euroclear and Clearstream Procedures Applicable*. The provisions of the "Operating Procedures of the Euroclear System" and "Terms and Conditions Governing Use of Euroclear" and the "General Terms and Conditions of Clearstream Banking" and "Customer Handbook" of Clearstream will be applicable to transfers of beneficial interests in the Regulation S Global Note that are held by Participants through Euroclear or Clearstream.

(d) *PIK Payments.* If the Company is permitted to exercise the PIK Option for any Interest Period and does so exercise the PIK Option with respect to such Interest Period, the Company shall pay the applicable amount of PIK Interest for such Interest Period in respect of each outstanding Note on the Interest Payment Date in respect of such Interest Period. On any Interest Payment Date on which the Company pays PIK Interest (a "*PIK Payment*"), PIK Interest on the Notes will be payable (1) with respect to Global Notes, by increasing the principal amount of each outstanding Global Note at the end of such Interest Period by an amount equal to the amount of PIK Interest applicable to such outstanding Global Note (rounded up to the nearest whole Dollar) for the relevant Interest Period, as provided in the PIK Notice, to the credit of the Holders on the relevant record date, which shall upon receipt of an Authentication Order be recorded in the Registrar's books and records and in the "Schedule of Increases or Decreases in the Global Note", and (2) with respect to Definitive Notes, by issuing additional Notes ("*PIK Notes*") in definitive form in an aggregate principal amount equal to the amount of PIK Interest applicable to each outstanding Definitive Note (rounded up to the nearest whole Dollar) for the relevant Interest Period, as provided in the PIK Notice, and the Trustee will, at the written order of the Company, authenticate and deliver such PIK Notes in definitive form for original issuance to the Holders on the relevant record date, as shown by the records of the Registrar. Any PIK Notes issued in definitive form will be dated as of the applicable Interest Payment Date and will bear interest from and after such date. All PIK Notes

will be governed by, and subject to the terms (including the maturity date), provisions and conditions of, this Indenture and will have the same rights and benefits as the Notes issued on the Closing Date. Following any increase in the principal amount of the outstanding Notes as a result of a PIK Payment, the Notes will bear interest on such increased principal amount from and after the date of such PIK Payment. Unless the context otherwise requires, for all purposes under this Indenture (including for purposes of calculating any redemption price or redemption amount), references to the "principal" and the "principal amount" of any Notes includes any increase in the principal amount thereof due to the addition of PIK Interest thereto as a result of any PIK Payment. If the Company is permitted to exercise the PIK Option for any Interest Period and desires to exercise the PIK Option for such Interest Period, the Company must deliver a notice to the Trustee no later than the day that is twenty days prior to the Interest Payment Date in respect of such Interest Period, which notice (x) indicates the amount of PIK Interest and cash interest that will be paid in respect of such Interest Period on the Interest Payment Date in respect of such Interest Period, (y) certifies that the Company is permitted to exercise the PIK Option for such Interest Period pursuant to the terms of the Indenture and the Notes and is so exercising the PIK Option for such Interest Period and (z) directs the Trustee and the Paying Agent (if other than the Trustee) to increase the principal amount of the Notes in accordance with this paragraph, which notification the Trustee and Paying Agent shall be entitled to rely upon (such notice, a "*PIK Notice*"). Notwithstanding anything to the contrary contained in this Indenture or the Notes, whenever under this Indenture or the Notes accrued and unpaid interest is required to be paid in connection with a payment of principal on the Notes (whether in connection with a redemption, repurchase, Change of Control Offer, Asset Sale Offer, acceleration, or otherwise), such interest will be paid in cash (and not as PIK Interest) at the rate applicable to the payment of interest entirely in cash (i.e., 10.75%) and not the rate applicable upon exercise of the PIK Option (i.e., 12.00%), regardless of whether or not the Company has delivered a PIK Notice with respect to the current Interest Period.

Section 2.02 *Execution and Authentication*.

At least one Officer must sign the Notes for the Company by manual, facsimile or other electronic signature.

If an Officer whose signature is on a Note no longer holds that office at the time a Note is authenticated, the Note will nevertheless be valid.

A Note will not be valid until authenticated by the manual signature of the Trustee. The signature will be conclusive evidence that the Note has been authenticated under this Indenture.

The Trustee will, upon receipt of a written order of the Company signed by an Officer (an "*Authentication Order*"), (a) authenticate Notes for original issue that may be validly issued under this Indenture, and (b) increase the principal amount of any Note as a result of a PIK Payment in the amount set forth in the PIK Notice. The Trustee shall be entitled to rely conclusively upon such Authentication Order in increasing the principal amount of the Notes as a result of a PIK Payment or authenticating PIK Notes. The aggregate principal amount of Notes outstanding at any time may not exceed the aggregate principal amount of Notes authorized for issuance by the Company pursuant to one or more Authentication Orders, except for the making of PIK Payments and as provided in Section 2.07 hereof.

The Trustee may appoint an authenticating agent acceptable to the Company to authenticate Notes. An authenticating agent may authenticate Notes whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agent has the same rights as an Agent to deal with Holders or an Affiliate of the Company.

Section 2.03 *Registrar and Paying Agent*.

The Company will maintain an office or agency where Notes may be presented for registration of transfer or for exchange ("*Registrar*") and an office or agency where Notes may be presented for payment ("*Paying Agent*"). The Registrar will keep a register of the Notes and of their transfer and exchange. The Company may appoint one or more co-registrars and one or more additional paying agents. The term "Registrar" includes any co-registrar and the term "Paying Agent" includes any additional paying agent. The Company may change any Paying Agent or Registrar without notice to any Holder. The Company will notify the Trustee in writing of the name and address of any Agent not a party to this Indenture. If the Company fails to appoint or maintain another entity as Registrar or Paying Agent, the Trustee shall act as such. The Company or any of its Subsidiaries may act as Paying Agent or Registrar.

The Company initially appoints The Depository Trust Company ("*DTC*") to act as Depositary with respect to the Global Notes.

The Company initially appoints the Trustee to act as the Registrar and Paying Agent and to act as Custodian with respect to the Global Notes.

Section 2.04 *Paying Agent to Hold Money in Trust*.

The Company will require each Paying Agent other than the Trustee to agree in writing that the Paying Agent will hold in trust for the benefit of Holders or the Trustee all money held by the Paying Agent for the payment of principal of, the Applicable Premium on, or interest, if any, on, the Notes, and will notify the Trustee of any default by the Company in making any such payment. While any such default continues, the Trustee may require a Paying Agent to pay all money held by it to the Trustee. The Company at any time may require a Paying Agent to pay all money held by it to the Trustee. Upon payment over to the Trustee, the Paying Agent (if other than the Company or a Subsidiary) will have no further liability for the money. If the Company or a Subsidiary acts as Paying Agent, it will segregate and hold in a separate trust fund for the benefit of the Holders all money held by it as Paying Agent. Upon any bankruptcy or reorganization proceedings relating to the Company, the Trustee will serve as Paying Agent for the Notes.

Section 2.05 *Holder Lists*.

The Trustee will preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of all Holders. If the Trustee is not the Registrar, the Company will furnish to the Trustee at least seven Business Days before each Interest Payment Date and at such other times as the Trustee may request in writing, a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of Holders.

(2) *Transfer and Exchange.*

(a) *Transfer and Exchange of Global Notes*. A Global Note may not be transferred except as a whole by the Depositary to a nominee of the Depositary, by a nominee of the Depositary to the Depositary or to another nominee of the Depositary, or by the Depositary or any such nominee to a successor Depositary or a nominee of such successor Depositary. All Global Notes will be exchanged by the Company for Definitive Notes if:

(1) the Company delivers to the Trustee notice from the Depositary that it is unwilling or unable to continue to act as Depositary or that it is no longer a clearing agency registered under the Exchange Act and, in either case, a successor Depositary is not appointed by the Company within 90 days after the date of such notice from the Depositary; or

(2) the Company executes and delivers an Officer's Certificate to such effect to the Trustee; or

(3) there has occurred and is continuing a Default or Event of Default with respect to the Notes and owners of beneficial interests in the Global Note in an amount not less than a majority of the aggregate outstanding principal amount of such Global Note have delivered to the Company and the Trustee a notice indicating that the continuation of the book-entry system through the Depositary is no longer in the best interests of the holders of such beneficial interests; or

(4) as otherwise agreed by the Company and a holder of a beneficial interest in a Global Note.

Upon the occurrence of any of the preceding events in subparagraph (1), (2) or (3) above, Definitive Notes shall be issued in such names as the Depositary shall instruct the Trustee. Global Notes also may be exchanged or replaced, in whole or in part, as provided in Sections 2.07 and 2.10 hereof. Every Note authenticated and delivered in exchange for, or in lieu of, a Global Note or any portion thereof, pursuant to this Section 2.06 or Section 2.07 or 2.10 hereof, shall be authenticated and delivered in the form of, and shall be, a Global Note. A Global Note may not be exchanged for another Note other than as provided in this Section 2.06(a), however, beneficial interests in a Global Note may be transferred and exchanged as provided in Section 2.06(b), (c) or (f) hereof.

(b) *Transfer and Exchange of Beneficial Interests in the Global Notes*. The transfer and exchange of beneficial interests in the Global Notes will be effected through the Depositary, in accordance with the provisions of this Indenture and the Applicable Procedures. Beneficial interests in the Restricted Global Notes will be subject to restrictions on transfer comparable to those set forth herein to the extent required by the Securities Act. Transfers of beneficial interests in the Global Notes also will require compliance with either subparagraph (1) or (2) below, as applicable, as well as one or more of the other following subparagraphs, as applicable:

(1) *Transfer of Beneficial Interests in the Same Global Note*. Beneficial interests in any Restricted Global Note may be transferred to Persons who take delivery thereof in the form of a beneficial interest in the same Restricted Global Note in accordance with the

transfer restrictions set forth in the Private Placement Legend; *provided, however*, that prior to the expiration of the Restricted Period, transfers of beneficial interests in the Regulation S Global Note may not be made to a U.S. Person or for the account or benefit of a U.S. Person (other than the Initial Purchasers). Beneficial interests in any Unrestricted Global Note may be transferred to Persons who take delivery thereof in the form of a beneficial interest in an Unrestricted Global Note. No written orders or instructions shall be required to be delivered to the Registrar to effect the transfers described in this Section 2.06(b)(1).

(2) *All Other Transfers and Exchanges of Beneficial Interests in Global Notes.* In connection with all transfers and exchanges of beneficial interests that are not subject to Section 2.06(b)(1) above, the transferor of such beneficial interest must deliver to the Registrar either:

(A) both:

(i) a written order from a Participant or an Indirect Participant given to the Depositary in accordance with the Applicable Procedures directing the Depositary to credit or cause to be credited a beneficial interest in another Global Note in an amount equal to the beneficial interest to be transferred or exchanged; and

(ii) instructions given in accordance with the Applicable Procedures containing information regarding the Participant account to be credited with such increase; or

(B) both:

(i) a written order from a Participant or an Indirect Participant given to the Depositary in accordance with the Applicable Procedures directing the Depositary to cause to be issued a Definitive Note in an amount equal to the beneficial interest to be transferred or exchanged; and

(ii) instructions given by the Depositary to the Registrar containing information regarding the Person in whose name such Definitive Note shall be registered to effect the transfer or exchange referred to in (i) above.

Upon satisfaction of all of the requirements for transfer or exchange of beneficial interests in Global Notes contained in this Indenture and the Notes or otherwise applicable under the Securities Act, the Trustee shall adjust the principal amount of the relevant Global Note(s) pursuant to Section 2.06(g) hereof.

(3) *Transfer of Beneficial Interests to Another Restricted Global Note*. A beneficial interest in any Restricted Global Note may be transferred to a Person who takes delivery thereof in the form of a beneficial interest in another Restricted Global Note if the transfer complies with the requirements of Section 2.06(b)(2) above and the Registrar receives the following:

(A) if the transferee will take delivery in the form of a beneficial interest in the 144A Global Note, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (1) thereof; and

(B) if the transferee will take delivery in the form of a beneficial interest in the Regulation S Global Note, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (2) thereof.

(4) *Transfer and Exchange of Beneficial Interests in a Restricted Global Note for Beneficial Interests in an Unrestricted Global Note*. A beneficial interest in any Restricted Global Note may be exchanged by any holder thereof for a beneficial interest in an Unrestricted Global Note or transferred to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note if the exchange or transfer complies with the requirements of Section 2.06(b)(2) above and the Registrar receives the following:

(A) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a beneficial interest in an Unrestricted Global Note, a certificate from such holder in the form of Exhibit C hereto, including the certifications in item (1)(a) thereof; or

(B) if the holder of such beneficial interest in a Restricted Global Note proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of a beneficial interest in an Unrestricted Global Note, a certificate from such holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case set forth in subparagraphs (A) and (B), if the Registrar so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Company and the Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

If any such transfer is effected pursuant to this Section 2.06(b)(4) at a time when an Unrestricted Global Note has not yet been issued, the Company shall issue and, upon receipt of an Authentication Order in accordance with Section 2.02 hereof, the Trustee shall authenticate one or more Unrestricted Global Notes in an aggregate principal amount equal to the aggregate principal amount of beneficial interests transferred pursuant to this Section 2.06(b)(4).

Beneficial interests in an Unrestricted Global Note cannot be exchanged for, or transferred to Persons who take delivery thereof in the form of, a beneficial interest in a Restricted Global Note.

(c) *Transfer or Exchange of Beneficial Interests for Definitive Notes*.

(1) *Beneficial Interests in Restricted Global Notes to Restricted Definitive Notes.* If any holder of a beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a Restricted Definitive Note or to transfer such beneficial interest to a Person who takes delivery thereof in the form of a Restricted Definitive Note, then, upon receipt by the Registrar of the following documentation:

(A) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a Restricted Definitive Note, a certificate from such holder in the form of Exhibit C hereto, including the certifications in item (2)(a) thereof;

(B) if such beneficial interest is being transferred to a QIB in accordance with Rule 144A, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (1) thereof;

(C) if such beneficial interest is being transferred to a Non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (2) thereof;

(D) if such beneficial interest is being transferred pursuant to an exemption from the registration requirements of the Securities Act in accordance with Rule 144, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(a) thereof;

(E) if such beneficial interest is being transferred to an Institutional Accredited Investor in reliance on an exemption from the registration requirements of the Securities Act other than those listed in subparagraphs (B) through (D) above, a certificate to the effect set forth in Exhibit B hereto, including the certifications, certificates and Opinion of Counsel required by item (3) thereof, if applicable; or

(F) if such beneficial interest is being transferred to the Company or any of its Subsidiaries, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(b) thereof;

the Trustee shall cause the aggregate principal amount of the applicable Global Note to be reduced accordingly pursuant to Section 2.06(g) hereof, and the Company shall execute and the Trustee shall authenticate and deliver to the Person designated in the instructions a Definitive Note in the appropriate principal amount. Any Definitive Note issued in exchange for a beneficial interest in a Restricted Global Note pursuant to this Section 2.06(c) shall be registered in such name or names and in such authorized denomination or denominations as the holder of such beneficial interest shall instruct the Registrar through instructions from the Depositary and the Participant or Indirect Participant. The Trustee shall deliver such Definitive Notes to the Persons in whose names the Notes are so registered. Any Definitive Note issued in exchange for a beneficial interest in a Restricted Global Note pursuant to this Section 2.06(c)(1) shall bear the Private Placement Legend and shall be subject to all restrictions on transfer contained therein.

(2) *Beneficial Interests in Restricted Global Notes to Unrestricted Definitive Notes.* A holder of a beneficial interest in a Restricted Global Note may exchange such beneficial interest for an Unrestricted Definitive Note or may transfer such beneficial interest to a Person who takes delivery thereof in the form of an Unrestricted Definitive Note only if the Registrar receives the following:

(A) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for an Unrestricted Definitive Note, a certificate from such holder in the form of Exhibit C hereto, including the certifications in item (1)(b) thereof; or

(B) if the holder of such beneficial interest in a Restricted Global Note proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of an Unrestricted Definitive Note, a certificate from such holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case set forth in subparagraphs (A) and (B), if the Registrar so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Company and the Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

(3) *Beneficial Interests in Unrestricted Global Notes to Unrestricted Definitive Notes.* If any holder of a beneficial interest in an Unrestricted Global Note proposes to exchange such beneficial interest for a Definitive Note or to transfer such beneficial interest to a Person who takes delivery thereof in the form of a Definitive Note, then, upon satisfaction of the conditions set forth in Section 2.06(b)(2) hereof, the Trustee will cause the aggregate principal amount of the applicable Unrestricted Global Note to be reduced accordingly pursuant to Section 2.06(g) hereof, and the Company will execute and the Trustee will authenticate and deliver to the Person designated in the instructions a Definitive Note in the appropriate principal amount. Any Definitive Note issued in exchange for a beneficial interest pursuant to this Section 2.06(c)(3) will be registered in such name or names and in such authorized denomination or denominations as the holder of such beneficial interest requests through instructions to the Registrar from or through the Depositary and the Participant or Indirect Participant. The Trustee will deliver such Definitive Notes to the Persons in whose names the Notes are so registered. Any Definitive Note issued in exchange for a beneficial interest pursuant to this Section 2.06(c)(3) will not bear the Private Placement Legend.

(d) *Transfer and Exchange of Definitive Notes for Beneficial Interests*.

(1) *Restricted Definitive Notes to Beneficial Interests in Restricted Global Notes.* If any Holder of a Restricted Definitive Note proposes to exchange such Note for a beneficial interest in a Restricted Global Note or to transfer such Restricted Definitive Notes to a Person who takes delivery thereof in the form of a beneficial interest in a Restricted Global Note, then, upon receipt by the Registrar of the following documentation:

(A) if the Holder of such Restricted Definitive Note proposes to exchange such Note for a beneficial interest in a Restricted Global Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (2)(b) thereof;

(B) if such Restricted Definitive Note is being transferred to a QIB in accordance with Rule 144A, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (1) thereof;

(C) if such Restricted Definitive Note is being transferred to a Non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (2) thereof;

(D) if such Restricted Definitive Note is being transferred pursuant to an exemption from the registration requirements of the Securities Act in accordance with Rule 144, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(a) thereof;

(E) if such Restricted Definitive Note is being transferred to an Institutional Accredited Investor in reliance on an exemption from the registration requirements of the Securities Act other than those listed in subparagraphs (B) through (D) above, a certificate to the effect set forth in Exhibit B hereto, including the certifications, certificates and Opinion of Counsel required by item (3) thereof, if applicable; or

(F) if such Restricted Definitive Note is being transferred to the Company or any of its Subsidiaries, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(b) thereof;

the Trustee will cancel the Restricted Definitive Note, increase or cause to be increased the aggregate principal amount of, in the case of clause (A) above, the appropriate Restricted Global Note, in the case of subparagraph (B) above, the 144A Global Note, and in the case of clause (C) above, the Regulation S Global Note.

(2) *Restricted Definitive Notes to Beneficial Interests in Unrestricted Global Notes.* A Holder of a Restricted Definitive Note may exchange such Note for a beneficial interest in an Unrestricted Global Note or transfer such Restricted Definitive Note to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note only if the Registrar receives the following:

(A) if the Holder of such Definitive Notes proposes to exchange the Notes for a beneficial interest in the Unrestricted Global Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (1)(c) thereof; or

(B) if the Holder of such Definitive Notes proposes to transfer the Notes to a Person who shall take delivery thereof in the form of a beneficial interest in the Unrestricted Global Note, a certificate from such Holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case set forth in subparagraphs (A) and (B), if the Registrar so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Company and the Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act. Upon satisfaction of the conditions of any of the subparagraphs in this Section 2.06(d)(2), the Trustee will cancel the Definitive Notes and increase or cause to be increased the aggregate principal amount of the Unrestricted Global Note.

(3) *Unrestricted Definitive Notes to Beneficial Interests in Unrestricted Global Notes*. A Holder of an Unrestricted Definitive Note may exchange such Note for a beneficial interest in an Unrestricted Global Note or transfer such Definitive Notes to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note at any time. Upon receipt of a request for such an exchange or transfer, the Trustee will cancel the applicable Unrestricted Definitive Note and increase or cause to be increased the aggregate principal amount of one of the Unrestricted Global Notes.

If any such exchange or transfer from a Definitive Note to a beneficial interest is effected pursuant to subparagraph (2)(B) or (3) above at a time when an Unrestricted Global Note has not yet been issued, the Company will issue and, upon receipt of an Authentication Order in accordance with Section 2.02 hereof, the Trustee will authenticate one or more Unrestricted Global Notes in an aggregate principal amount equal to the principal amount of Definitive Notes so transferred.

(e) *Transfer and Exchange of Definitive Notes for Definitive Notes.* Upon request by a Holder of Definitive Notes and such Holder's compliance with the provisions of this Section 2.06(e), the Registrar will register the transfer or exchange of Definitive Notes. Prior to such registration of transfer or exchange, the requesting Holder must present or surrender to the Registrar the Definitive Notes duly endorsed or accompanied by a written instruction of transfer in form satisfactory to the Registrar duly executed by such Holder or by its attorney, duly authorized in writing. In addition, the requesting Holder must provide any additional certifications, documents and information, as applicable, required pursuant to the following provisions of this Section 2.06(e).

(1) *Restricted Definitive Notes to Restricted Definitive Notes*. Any Restricted Definitive Note may be transferred to and registered in the name of Persons who take delivery thereof in the form of a Restricted Definitive Note if the Registrar receives the following:

(A) if the transfer will be made pursuant to Rule 144A, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (1) thereof;

(B) if the transfer will be made pursuant to Rule 903 or Rule 904, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (2) thereof; and

(C) if the transfer will be made pursuant to any other exemption from the registration requirements of the Securities Act, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications, certificates and Opinion of Counsel required by item (3) thereof, if applicable.

(2) *Restricted Definitive Notes to Unrestricted Definitive Notes.* Any Restricted Definitive Note may be exchanged by the Holder thereof for an Unrestricted Definitive Note or transferred to a Person or Persons who take delivery thereof in the form of an Unrestricted Definitive Note if the Registrar receives the following:

(A) if the Holder of such Restricted Definitive Notes proposes to exchange the Notes for an Unrestricted Definitive Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (1)(d) thereof; or

(B) if the Holder of such Restricted Definitive Notes proposes to transfer the Notes to a Person who shall take delivery thereof in the form of an Unrestricted Definitive Note, a certificate from such Holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case set forth in subparagraphs (A) and (B), if the Registrar so requests, an Opinion of Counsel in form reasonably acceptable to the Company and the Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

(3) *Unrestricted Definitive Notes to Unrestricted Definitive Notes.* A Holder of Unrestricted Definitive Notes may transfer the Notes to a Person who takes delivery thereof in the form of an Unrestricted Definitive Note. Upon receipt of a request to register such a transfer, the Registrar shall register the Unrestricted Definitive Notes pursuant to the instructions from the Holder thereof.

(f) *Legends.* The following legends will appear on the face of all Global Notes and Definitive Notes issued under this Indenture unless specifically stated otherwise in the applicable provisions of this Indenture.

(1) *Private Placement Legend*.

(A) Except as permitted by subparagraph (B) below, each Global Note and each Definitive Note (and all Notes issued in exchange therefor or substitution thereof) shall bear the legend in substantially the following form:

“THE NOTES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE “SECURITIES ACT”) AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO A PERSON

WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (2) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), (4) TO AN INSTITUTIONAL INVESTOR THAT IS AN ACCREDITED INVESTOR WITHIN THE MEANING OF RULE 501 OF REGULATION D UNDER THE SECURITIES ACT IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, (5) IN ACCORDANCE WITH ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND IN EACH CASE, IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND OTHER JURISDICTIONS. EACH HOLDER OF THE NOTES EVIDENCED HEREBY AGREES TO THE FOREGOING TRANSFER RESTRICTIONS AND EACH HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER FROM IT OF THE NOTE EVIDENCED HEREBY OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN."

(B) Notwithstanding the foregoing, any Global Note or Definitive Note issued pursuant to subparagraph (b)(4), (c)(2), (c)(3), (d)(2), (d)(3), (e)(2) or (e)(3) of this Section 2.06 (and all Notes issued in exchange therefor or substitution thereof) will not bear the Private Placement Legend.

(2) *Global Note Legend*. Each Global Note will bear a legend in substantially the following form:

"THIS GLOBAL NOTE IS HELD BY THE DEPOSITARY (AS DEFINED IN THE INDENTURE GOVERNING THIS NOTE) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (1) THE TRUSTEE MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO SECTION 2.06 OF THE INDENTURE, (2) THIS GLOBAL NOTE MAY BE EXCHANGED IN WHOLE BUT NOT IN PART PURSUANT TO SECTION 2.06(a) OF THE INDENTURE, (3) THIS GLOBAL NOTE MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO SECTION 2.11 OF THE INDENTURE AND (4) THIS GLOBAL NOTE MAY BE TRANSFERRED TO A SUCCESSOR DEPOSITARY WITH THE PRIOR WRITTEN CONSENT OF THE COMPANY.

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR NOTES IN DEFINITIVE FORM, THIS NOTE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY. UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK) ("DTC"), TO THE COMPANY

OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR SUCH OTHER ENTITY AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

BY ACCEPTING THIS NOTE EACH HOLDER AND EACH TRANSFEREE IS DEEMED TO REPRESENT AND AGREE THAT AT THE TIME OF ITS ACQUISITION AND THROUGHOUT THE PERIOD THAT IT HOLDS THIS NOTE (I) IT IS NOT, AND IS NOT ACTING ON BEHALF OF, A PLAN (WHICH TERM INCLUDES (A) EMPLOYEE BENEFIT PLANS THAT ARE SUBJECT TO TITLE I OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED) ("ERISA"), (B) PLANS, INDIVIDUAL RETIREMENT ACCOUNTS AND OTHER ARRANGEMENTS THAT ARE SUBJECT TO SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), AND (C) ENTITIES THE UNDERLYING ASSETS OF WHICH ARE CONSIDERED TO INCLUDE "PLAN ASSETS" OF ANY PLANS DESCRIBED ABOVE IN CLAUSE (A) OR (B), OR (II) ITS PURCHASE AND HOLDING OF THIS NOTE OR ANY INTEREST THEREIN SHALL NOT RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER ERISA OR SECTION 4975 OF THE CODE."

(3) *Regulation S Global Note Legend*. Each Regulation S Global Note will bear a legend in substantially the following form:

"THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND MAY NOT BE OFFERED, SOLD OR DELIVERED IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY U.S. PERSON, UNLESS THE NOTE IS REGISTERED UNDER THE SECURITIES ACT OR ANY EXEMPTION FROM THE REGISTRATION REQUIREMENTS THEREOF IS AVAILABLE. THE FOREGOING SHALL NOT APPLY FOLLOWING THE EXPIRATION OF FORTY DAYS FROM THE LATER OF (I) THE DATE ON WHICH THE NOTES WERE FIRST OFFERED AND (II) THE DATE OF ISSUANCE OF THIS NOTE."

(g) *Cancellation and/or Adjustment of Global Notes.* At such time as all beneficial interests in a particular Global Note have been exchanged for Definitive Notes or a particular Global Note has been redeemed, repurchased or canceled in whole and not in part, each such Global Note will be returned to or retained and canceled by the Trustee in accordance with Section 2.11 hereof. At any time prior to such cancellation, if any beneficial interest in a Global Note is exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Note or for Definitive Notes, the principal amount of Notes represented by such Global Note will be reduced accordingly and an endorsement will be made on such Global Note by the Trustee or by the Depositary at the direction of the Trustee to reflect such reduction; and if the beneficial interest is being exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Note, such other Global Note will be increased accordingly

and an endorsement will be made on such Global Note by the Trustee or by the Depositary at the direction of the Trustee to reflect such increase.

(h) *General Provisions Relating to Transfers and Exchanges*.

(1) To permit registrations of transfers and exchanges, the Company will execute and the Trustee will authenticate Global Notes and Definitive Notes upon receipt of an Authentication Order in accordance with Section 2.02 hereof or at the Registrar's request.

(2) No service charge will be made to a Holder of a beneficial interest in a Global Note or to a Holder of a Definitive Note for any registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any transfer tax or similar governmental charge payable in connection therewith (other than any such transfer taxes or similar governmental charge payable upon exchange or transfer pursuant to Sections 2.10, 3.06, 3.07, 4.10, 4.16 and 9.04 hereof).

(3) The Registrar will not be required to register the transfer of or exchange of any Note selected for redemption in whole or in part, except the unredeemed portion of any Note being redeemed in part.

(4) Notwithstanding anything in this Indenture to the contrary, unless an Event of Default has occurred and is continuing, no record or beneficial owner of the Notes may transfer any Notes or any beneficial interest therein without the prior written consent of the Company (such consent to not be unreasonably withheld or delayed); *provided however*, that the Company's consent will be deemed given with respect to a proposed transfer if no response is received within ten (10) Business Days after having received a written request from such record or beneficial owner of the Notes pursuant to this Section 2.06(h)(4); *provided*, *further*, that

(A) no consent of the Company shall be required for any transfer of any Notes or any beneficial interest therein to any GS Person;

(B) no sale, pledge, assignment or other transfer of any Notes or any beneficial interest therein will be permitted to any Competitor;

(C) no transfer of any Notes or any beneficial interest therein will be permitted to any Person unless and until such Person delivers to the Company and the Trustee a Transferee Certificate (attaching evidence that such Person has made an election to be a non-objecting beneficial owner) and, if the consent of the Company is required for such transfer, with an acknowledgement thereof by the Company as provided therein; and

(D) any record or beneficial owner of the Notes may at any time pledge or assign a security interest in all or any portion of its rights under the Notes or this Indenture to secure obligations of such record or beneficial owner of the Notes, and this Section 2.06(h)(4) 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

substitute any such pledgee or assignee for such record or beneficial owner of the Notes as a record or beneficial owner of the Notes; *provided*, *further*, that no such pledge or assignment of a security interest shall create or increase any liability or obligation of the Parent, the Company or any of their Affiliates whatsoever, whether under this Indenture, the Notes, the Collateral Documents or otherwise.

(5) All Global Notes and Definitive Notes issued upon any registration of transfer or exchange of Global Notes or Definitive Notes will be the valid obligations of the Company, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Global Notes or Definitive Notes surrendered upon such registration of transfer or exchange.

(6) Neither the Registrar nor the Company will be required:

(A) to issue, to register the transfer of or to exchange any Notes during a period beginning at the opening of business 15 days before the day of any selection of Notes for redemption under Section 3.02 hereof and ending at the close of business on the day of selection;

(B) to register the transfer of or to exchange any Note selected for redemption in whole or in part, except the unredeemed portion of any Note being redeemed in part; or

(C) to register the transfer of or to exchange a Note between a record date and the next succeeding Interest Payment Date.

(7) Prior to due presentment for the registration of a transfer of any Note, the Trustee, any Agent and the Company may deem and treat the Person in whose name any Note is registered as the absolute owner of such Note for the purpose of receiving payment of principal of, the Applicable Premium and interest on, the Notes and for all other purposes, and none of the Trustee, any Agent or the Company shall be affected by notice to the contrary.

(8) The Trustee will authenticate Global Notes and Definitive Notes in accordance with the provisions of Section 2.02 hereof.

(9) All certifications, certificates and Opinions of Counsel required to be submitted to the Company and the Registrar pursuant to this Section 2.06 to effect a registration of transfer or exchange may be submitted by facsimile, PDF or similar electronic transmission.

Notwithstanding anything to the contrary herein, neither the Trustee nor the Registrar shall be responsible for ascertaining whether any transfer complies with the registration provisions of or exemptions from the Securities Act or applicable state securities laws or Section 2.06(h)(4). Nothing herein shall impose any obligation or liability upon the Trustee or Registrar in respect of any transfer of Notes (or beneficial interests therein) of which the Trustee or Registrar has no knowledge.

Section 2.07 *Replacement Notes*.

If any mutilated Note is surrendered to the Trustee or the Company and the Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Note, the Company will issue and the Trustee, upon receipt of an Authentication Order, will authenticate a replacement Note if the Trustee's requirements are met. If required by the Trustee or the Company, an indemnity bond must be supplied by the Holder that is sufficient in the judgment of the Trustee and the Company to protect the Company, the Trustee, any Agent and any authenticating agent from any loss that any of them may suffer if a Note is replaced. The Company may charge for its expenses in replacing a Note.

Every replacement Note is an additional obligation of the Company and will be entitled to all of the benefits of this Indenture equally and proportionately with all other Notes duly issued hereunder.

Section 2.08 *Outstanding Notes*.

The Notes outstanding at any time are all the Notes authenticated by the Trustee except for those canceled by it, those delivered to it for cancellation, those reductions in the interest in a Global Note effected by the Trustee in accordance with the provisions hereof, and those described in this Section 2.08 as not outstanding. Except as set forth in Section 2.09 hereof, a Note does not cease to be outstanding because the Company or an Affiliate of the Company holds the Note. For avoidance of doubt, the aggregate principal amount outstanding under any Note shall include any increase in the outstanding principal amount of such Note as a result of any PIK Payment.

If a Note is replaced pursuant to Section 2.07 hereof, it ceases to be outstanding unless the Trustee receives proof satisfactory to it that the replaced Note is held by a protected purchaser.

If the principal amount of any Note is considered paid under Section 4.01 hereof, it ceases to be outstanding and interest on it ceases to accrue.

If the Paying Agent (other than the Company, a Subsidiary or an Affiliate of any thereof) holds, on a redemption date or maturity date, money sufficient to pay Notes payable on that date, then on and after that date the Notes will be deemed to be no longer outstanding and will cease to accrue interest.

Section 2.09 *Treasury Notes*.

In determining whether the Holders of the required principal amount of Notes have concurred in any direction, waiver or consent, Notes owned by the Company or any Guarantor, or by any Person directly or indirectly controlling or controlled by or under direct or indirect common control with the Company or any Guarantor, will be considered as though not outstanding, except that for the purposes of determining whether the Trustee will be protected in relying on any such direction, waiver or consent, only Notes that the Trustee knows are so owned will be so disregarded.

Section 2.10 *Temporary Notes*.

Until certificates representing Notes are ready for delivery, the Company may prepare and the Trustee, upon receipt of an Authentication Order, will authenticate temporary Notes. Temporary Notes will be substantially in the form of certificated Notes but may have variations that the Company considers appropriate for temporary Notes and as may be reasonably acceptable to the Trustee. Without unreasonable delay, the Company will prepare and the Trustee will authenticate definitive Notes in exchange for temporary Notes.

Holders of temporary Notes will be entitled to all of the benefits of this Indenture.

Section 2.11 *Cancellation*.

The Company at any time may deliver Notes to the Trustee for cancellation. The Registrar and Paying Agent will forward to the Trustee any Notes surrendered to them for registration of transfer, exchange or payment. The Trustee and no one else will cancel all Notes surrendered for registration of transfer, exchange, payment, replacement or cancellation and will destroy canceled Notes (subject to the record retention requirements of the Exchange Act and the customary procedures of the Trustee). Certification of the cancellation of all canceled Notes will be delivered to the Company. The Company may not issue new Notes to replace Notes that it has paid or that have been delivered to the Trustee for cancellation.

Section 2.12 *Defaulted Interest*.

If the Company defaults in a payment of interest on the Notes, it will pay the defaulted interest in any lawful manner plus, to the extent lawful, interest payable on the defaulted interest, to the Persons who are Holders on a subsequent special record date, in each case at the rate provided in the Notes and in Section 4.01 hereof. The Company will notify the Trustee in writing of the amount of defaulted interest proposed to be paid on each Note and the date of the proposed payment. The Company will fix or cause to be fixed each such special record date and payment date; *provided* that no such special record date may be less than 10 days prior to the related payment date for such defaulted interest. At least 15 days before the special record date, the Company (or, upon the written request of the Company, the Trustee in the name and at the expense of the Company) will mail or cause to be mailed to Holders a notice that states the special record date, the related payment date and the amount of such interest to be paid.

Section 2.13 *Reserved*.

Section 2.14 *No Reissuance of Notes*.

The Company may not reissue a Note that has matured, been redeemed, been purchased by the Company at the Holder’s option upon a Change of Control or otherwise been canceled, except for registration of transfer, exchange or replacement of such Note.

ARTICLE 3
REDEMPTION AND PREPAYMENT

Section 3.01 *Notice to Trustee*.

If the Company elects to redeem Notes pursuant to the optional redemption provisions of Section 3.07 hereof, it must furnish to the Trustee, at least 10 days but not more than 60 days before a redemption date, an Officer's Certificate setting forth:

(1) the clause of this Indenture pursuant to which the redemption shall occur;

(2) the redemption date;

(3) the principal amount of Notes to be redeemed; and

(4) the redemption price and the amount of accrued and unpaid interest to the redemption date.

If the redemption price is not known at the time such notice is to be given, the actual redemption price, calculated as described in the terms of the Notes to be redeemed, shall be set forth in an Officer's Certificate of the Company delivered to the Trustee no later than two Business Days prior to the redemption date.

Section 3.02 *Selection of Notes to Be Redeemed or Purchased*.

If less than all the Notes are to be redeemed, the Trustee shall select the Notes to be redeemed subject to DTC's Applicable Procedures for Global Notes in any manner that the Trustee deems fair and appropriate, including by lot, pro rata or other method. The Trustee shall make the selection at least 10 days but no more than 60 days before the redemption date from Notes outstanding not previously called for redemption. The Trustee will select the Notes to be redeemed in principal amounts of $100,000 or integral multiples of $1,000 in excess thereof (or if a PIK Payment has been made, in minimum denominations of $1.00 and integral multiples of $1.00 in excess thereof with respect to the portion of any Note constituting PIK Interest). If less than all outstanding Notes are to be redeemed, any selection of Notes to be redeemed shall be subject to the Applicable Procedures in the case of any Global Note. The Trustee will make the selection at least 10 days but no more than 60 days before the redemption date from outstanding Notes not previously called for redemption. Provisions of this Indenture that apply to Notes called for redemption also apply to portions of Notes called for redemption.

Section 3.03 *Notice of Redemption*.

At least 10 days but not more than 60 days before a redemption date, the Company shall mail a notice of redemption by first-class mail to each Holder whose Notes are to be redeemed, except that redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of this Indenture pursuant to Article 8 hereof.

The notice shall identify the Notes to be redeemed and shall state:

(a) the redemption date;

(b) the redemption price;

(c) the name and address of the Paying Agent;

(d) if any Notes are being redeemed in part, the portion of the principal amount of the Notes to be redeemed and that, after the redemption date and upon surrender of the Notes, new Notes in principal amount equal to the unredeemed portion of the original Notes shall be issued in the name of the Holder thereof upon cancellation of the original Notes;

(e) that Notes called for redemption must be surrendered to the Paying Agent to collect the redemption price;

(f) that interest on the Notes called for redemption ceases to accrue on and after the redemption date unless the Company defaults in the deposit of the redemption price;

(g) the CUSIP number, if any; and

(h) any other information as may be required by the terms of the Notes being redeemed.

At the Company's request, the Trustee shall give the notice of redemption in the Company's name and at its expense; *provided*, *however*, that the Company has delivered to the Trustee, at least 10 days (unless a shorter time shall be acceptable to the Trustee) prior to the notice date, an Officer's Certificate requesting that the Trustee give such notice and setting forth the information to be stated in such notice.

Any such redemption may, at the Company's discretion, be subject to one or more conditions precedent, including the consummation of a Change of Control. In addition, if such redemption or notice is subject to satisfaction of one or more conditions precedent, such notice shall state that, in the Company's discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied or waived, or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied or waived by the redemption date, or by the redemption date so delayed.

Section 3.04 *Effect of Notice of Redemption*.

Once notice of redemption is mailed as provided in Section 3.03, Notes called for redemption become due and payable on the redemption date and at the redemption price. Upon surrender to the Paying Agent, the Notes shall be paid at the redemption price plus accrued interest, to the redemption date. If the redemption notice is given and funds deposited as required by Section 3.05, then interest will cease to accrue on and after the redemption date on the Notes or portions of such Notes called for redemption.

Section 3.05 *Deposit of Redemption or Purchase Price*.

On or before 11:00 a.m., New York City time, on the redemption date, the Company shall deposit with the Paying Agent money sufficient to pay the redemption price of and accrued interest, on all Notes to be redeemed on that date. In the event that any redemption date is not a Business Day, the Company will pay the redemption price on the next Business Day without any interest or other payment due to the delay.

Section 3.06 *Notes Redeemed or Purchased in Part*.

Upon surrender of Notes that are redeemed in part, the Trustee shall authenticate for the Holder a new Note of the same maturity equal in principal amount to the unredeemed portion of the Note surrendered.

Section 3.07 *Optional Redemption.*

(a) The Company, at its option, may redeem the Notes in whole at any time or in part from time to time, at a redemption price equal (i) to 100% of the principal amount of the Notes to be redeemed, *plus* (ii) the Applicable Premium, *plus* (iii) accrued and unpaid interest (if any) on the principal amount of Notes being redeemed to (but not including) such redemption date (subject to the rights of Holders of Notes on the relevant record date to receive interest on the relevant Interest Payment Date). The Trustee shall have no duty to verify the calculation of any redemption price made by the Company. For avoidance of doubt, after the fifth anniversary of the Closing Date (at which time the Applicable Premium is zero), in no event will clause (ii) of this Section 3.07(a) result in an increase in the redemption price.

(b) Any redemption pursuant to this Section 3.07 shall be made pursuant to the provisions of Sections 3.01 through 3.06 hereof.

ARTICLE 4
COVENANTS

Section 4.01 *Payment of Principal and Interest*.

The Company will pay or cause to be paid the principal of, the Applicable Premium on, and interest, if any, on, the Notes on the dates and in the manner provided in the Notes. Principal, the Applicable Premium and interest, if any, will be considered paid on the date due if the Paying Agent, if other than the Company or a Subsidiary thereof, holds as of 11:00 a.m. Eastern Time on the due date money deposited by the Company in immediately available funds and designated for and sufficient to pay all principal, the Applicable Premium and interest, if any, then due; *provided however,* that if the Company exercises the PIK Option with respect to any Interest Period, the applicable amount of PIK Interest in respect of such Interest Period shall be considered paid on the date due if in accordance with the terms hereof and of the Notes, a PIK Payment is made in respect of such amount of PIK Interest.

Section 4.02 *Reserved.*

Section 4.03 *SEC Reports*.

(a) The Parent will furnish to the Trustee within 30 days after it files them with the SEC, copies of the Parent's annual report and the information, documents and other reports (or copies of such portions of any of the foregoing as the SEC may by rules and regulations prescribe) that the Parent is required to file with the SEC pursuant to Sections 13 and 15(d) of the Exchange Act. Reports, information and documents filed by the Parent with the SEC via the EDGAR system will be deemed to have been furnished to the Trustee as of the time such documents are filed via EDGAR.

Delivery of any reports, information and documents to the Trustee will be for informational purposes only, and the Trustee's receipt thereof shall not constitute actual or constructive notice of any information contained therein or determinable from information contained therein, including the Parent's or the Company's compliance with any of its covenants under this Indenture or documents related thereto. The Trustee will not be obligated to monitor or confirm, on a continuing basis or otherwise, the Parent's or Company's compliance with the covenant provisions of this Indenture or monitor any reports or other documents filed with the SEC or via EDGAR.

Section 4.04 *Compliance Certificate*.

To the extent any Notes are outstanding, the Company shall deliver to the Trustee, within 120 days after the end of each fiscal year of the Company, an Officer's Certificate stating that a review of the activities of the Parent and its Subsidiaries during the preceding fiscal year has been made under the supervision of the signing Officers with a view to determining whether the Parent and Company have kept, observed, performed and fulfilled its obligations under this Indenture, and further stating, as to each such Officer signing such certificate, that to the best of his/her knowledge the Parent and Company have kept, observed, performed and fulfilled each and every covenant contained in this Indenture and is not in default in the performance or observance of any of the terms, provisions and conditions hereof (or, if a Default or Event of Default shall have occurred, describing all such Defaults or Events of Default of which the Officer may have knowledge).

Section 4.05 *Reserved.*

Section 4.06 *Stay, Extension and Usury Laws*.

The Company and each of the Guarantors covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law wherever enacted, now or at any time hereafter in force, that may affect the covenants or the performance of this Indenture; and the Company and each of the Guarantors (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law has been enacted.

Section 4.07 *Restricted Payments.*

(a) The Parent shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly:

(1) declare or pay any dividend or make any other payment or distribution on account of the Parent's or any of its Restricted Subsidiaries' Equity Interests (including, without limitation, any payment in connection with any merger or consolidation involving the Parent or any of its Restricted Subsidiaries) or to the direct or indirect holders of the Parent's or any of its Restricted Subsidiaries' Equity Interests in their capacity as such (other than (x) dividends, distributions or payments payable in Qualifying Equity Interests or in the case of preferred stock of the Parent, an increase in the liquidation value thereof and (y)

dividends, distributions or payments payable to the Parent or a Restricted Subsidiary of the Parent);

(2) purchase, redeem or otherwise acquire or retire for value any Equity Interests of the Parent;

(3) make any voluntary payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value (collectively for purposes of this clause (3), a "*purchase*") any Indebtedness of the Company or any Guarantor that is contractually subordinated in right of payment to the Notes or the applicable Note Guarantee (excluding any intercompany Indebtedness between or among the Parent and any of its Restricted Subsidiaries), except any scheduled payment of interest and any purchase within two years of the Scheduled Maturity of such Indebtedness; or

(4) make any Restricted Investment (all such payments and other actions set forth in these clauses (1) through (4) being collectively referred to as "*Restricted Payments*"), unless, at the time of and after giving effect to such Restricted Payment, the sum of such Restricted Payment together with the aggregate amount of all other Restricted Payments (other than Restricted Investments) made by the Parent and its Restricted Subsidiaries since the Closing Date and together with Restricted Investments outstanding at the time of giving effect to such Restricted Payment (excluding, in each case, Restricted Payments permitted by clauses (2) through (21) of Section 4.07(b) hereof), is less than the greater of (i) $0 and (ii) the sum, without duplication, of:

(i) 50% of the Consolidated Net Income (less 100% of such Consolidated Net Income which is a deficit) of the Parent for the period (taken as one accounting period) from April 1, 2013 to the end of the Parent's most recently ended fiscal quarter for which financial statements are available at the time of such Restricted Payment or Restricted Investment; plus 50% of the Consolidated Net Income (less 100% of such Consolidated Net Income which is a deficit) of US Airways for the period (taken as one accounting period) from October 1, 2011 through December 8, 2013; plus

(ii) 100% of the aggregate net cash proceeds and the Fair Market Value of non-cash consideration received by the Parent after the Closing Date, in each case, 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 the Parent, and excluding Excluded Contributions and other than proceeds from any Permitted Warrant Transaction); plus

(iii) 100% of the aggregate net cash proceeds and the Fair Market Value of non-cash consideration received by the Parent or a Restricted Subsidiary of the Parent from the issue or sale of convertible or exchangeable Disqualified Stock of the Parent or a Restricted Subsidiary of the Parent or convertible or exchangeable debt securities of the Parent or a Restricted Subsidiary of the 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 after 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 the Parent); plus

(iv) to the extent that any Restricted Investment that was made after the Closing Date by the Parent or any of its Subsidiaries is (a) sold for cash or otherwise cancelled, liquidated or repaid for cash, or (b) made in an entity that subsequently becomes a Restricted Subsidiary of the Parent, the initial amount of such Restricted Investment (or, if less, the amount of cash received upon repayment or sale); plus

(v) 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 the 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 the Parent's Restricted Investment in such Subsidiary as of the date of such redesignation or (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

(vi) 100% of any dividends received in cash by the Parent or a Restricted Subsidiary of the 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 the Parent, to the extent that such dividends were not otherwise included in the Consolidated Net Income of the Parent for such period;

provided, *however*, there shall be no increase in respect of any amount contemplated by clause (iv), (v) or (vi) of this Section 4.07(a) pursuant to any such clause to the extent such amount otherwise increases the capacity of the Parent or any of its Restricted Subsidiaries to make Restricted Payments pursuant to this Section 4.07(a) or clause (15) of Section 4.07(b).

(b) The provisions of Section 4.07(a) hereof shall 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 Indenture;

(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 the Parent) of, Qualifying Equity Interests or from the substantially concurrent contribution of common equity capital to the Parent; *provided* that the amount of any such net cash proceeds

that are utilized for any such Restricted Payment shall not be considered to be net proceeds of Qualifying Equity Interests for purposes of clause (ii) of Section 4.07(a) hereof and shall 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 the 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 Company or any Guarantor that is contractually subordinated in right of payment to the Notes or to the applicable Note Guarantee 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 the Parent or any Restricted Subsidiary of the Parent held by any current or former officer, director, consultant or employee (or their estates or beneficiaries of their estates) of the Parent or any of its Restricted Subsidiaries pursuant to any management equity plan or equity subscription agreement, stock option agreement, shareholders' agreement or other agreement to compensate such persons; *provided* that the aggregate price paid for all such repurchased, redeemed, acquired or retired Equity Interests may not exceed $60.0 million in any twelve-month period (except to the extent such repurchase, redemption, acquisition or retirement is in connection with the acquisition of a Permitted Business or merger, consolidation or amalgamation otherwise permitted by this Indenture, in which case the aggregate price paid by the Parent and its Restricted Subsidiaries may not exceed $150.0 million in connection with such acquisition of a Permitted Business or merger, consolidation or amalgamation); *provided further* that the Parent or any of its Restricted Subsidiaries may carry over and make in subsequent twelve-month periods, in addition to the amounts permitted for such twelve-month period, up to $30.0 million of unutilized capacity under this clause (5) attributable to the immediately preceding twelve-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 the Parent or its Subsidiaries to cover withholding tax obligations of such persons in respect of such issuance;

(7) so long as no 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 the Parent or any preferred stock of any Restricted Subsidiary of the Parent in each case either outstanding on the Closing Date or issued on or after the Closing Date in accordance with Section 4.08 hereof;

(8) payments of cash, dividends, distributions, advances, common stock or other Restricted Payments by the Parent or any of its Restricted Subsidiaries to allow the payment

of cash in lieu of the issuance of fractional shares upon (A) the exercise of options or warrants, (B) the conversion or exchange of Capital Stock of any such Person or (C) the conversion or exchange of Indebtedness or hybrid securities into Capital Stock of any such Person;

(9) the declaration and payment of dividends to holders of any class or series of Disqualified Stock of the Parent or any Disqualified Stock or preferred stock of any Restricted Subsidiary of the Company to the extent such dividends are included in the definition of "Fixed Charges" for such Person;

(10) in the event of a Change of Control, and if no Default shall have occurred and be continuing, the payment, purchase, redemption, defeasance or other acquisition or retirement of any subordinated Indebtedness of the Company or the Parent, in each case, at a purchase price not greater than 101% of the principal amount of such subordinated Indebtedness, plus any accrued and unpaid interest thereon; *provided*, *however*, that prior to such payment, purchase, redemption, defeasance or other acquisition or retirement, the Company or the Parent (or a third party to the extent permitted by this Indenture) has made a Change of Control Offer as a result of such Change of Control (it being agreed that the Company or the Parent may pay, purchase, redeem, defease or otherwise acquire or retire such subordinated Indebtedness even if the purchase price exceeds 101% of the principal amount of such subordinated Indebtedness; *provided* that the amount paid in excess of 101% of such principal amount is otherwise permitted under this Section 4.07);

(11) Restricted Payments made with Excluded Contributions;

(12) the distribution, as a dividend or otherwise, of shares of Capital Stock of, or Indebtedness owed to the Parent or any of its Restricted Subsidiaries by, any Unrestricted Subsidiary;

(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; *provided* that (A) in connection with any full or partial "spin-off" or similar transactions of the Subsidiary that is the Company, the Parent would, on the date of such distribution after giving pro forma effect thereto as if the same had occurred at the beginning of the applicable four-quarter period, (i) be permitted to incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in Section 4.08(a) hereof or (ii) the Fixed Charge Coverage Ratio for the Parent and its Restricted Subsidiaries would be greater than or equal to such ratio for the Parent and its Restricted Subsidiaries immediately prior to such transaction and (B) for any full or partial "spin-off" or similar transactions of any Subsidiary that is not the Company, no Default has occurred and is continuing;

(14) 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 $600.0 million since the Closing Date;

(15) so long as no Default has occurred and is continuing, any Restricted Payment (other than a Restricted Investment) made on and after the Closing Date in an aggregate amount not to exceed $900.0 million;

(16) 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 the Parent or any Restricted Subsidiary of the Parent;

(17) 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 the Parent or any of its Restricted Subsidiaries pursuant to the exercise, settlement or termination of any related Permitted Bond Hedge Transaction;

(18) (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 the Parent's or a parent company of the 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 the such common stock) or similar transaction with respect to the Parent, such parent company or such common stock, cash and/or other property;

(19) so long as no Default has occurred and is continuing, Restricted Payments (i) made to purchase or redeem Equity Interests of the Parent or (ii) consisting of payments in respect of any Indebtedness (whether for purchase or prepayment thereof or otherwise);

(20) any Restricted Payment so long as both before and after giving effect to such Restricted Payment, the Parent and its Restricted Subsidiaries have Cash Liquidity of at least $2.2 billion; and

(21) Restricted Payments in an aggregate amount which, when taken together with all other Restricted Payments made pursuant to this clause (21), do not exceed 5.0% of the Consolidated Tangible Assets of the Parent and its Restricted Subsidiaries (calculated at the time of such Restricted Payment).

(c) For purposes of determining compliance with this Section 4.07, if a proposed Restricted Payment (or portion thereof) meets the criteria of more than one of the categories of Restricted Payments set forth in clauses (1) through (21) of Section 4.07(b) hereof, or is entitled to be made pursuant to Section 4.07(a) hereof, the Parent shall 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 4.07.

(d) Notwithstanding anything in this Indenture to the contrary, if a Restricted Payment is made (or any other action is taken or omitted under this Indenture) 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.

(e) 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 the Parent or such Restricted Subsidiary of the Parent, as the case may be, pursuant to the Restricted Payment.

Section 4.08 *Incurrence of Indebtedness and Issuance of Preferred Stock.*

(a) The Parent shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, "*incur*") any Indebtedness (including Acquired Debt), and the Parent shall not issue any Disqualified Stock and shall not permit any of its Restricted Subsidiaries to issue any shares of preferred stock; *provided*, *however*, that the Parent may incur Indebtedness (including Acquired Debt) or issue Disqualified Stock and its Restricted Subsidiaries may incur Indebtedness (including Acquired Debt) or issue preferred stock, if the Parent's Fixed Charge Coverage Ratio for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or such Disqualified Stock or such preferred stock is issued, as the case may be, would have been at least 1.1 to 1.0, determined on a pro forma basis (including a pro forma application of the net proceeds therefrom), as if the additional Indebtedness had been incurred or the Disqualified Stock or the preferred stock had been issued, as the case may be, at the beginning of such four-quarter period.

(b) The provisions of Section 4.08(a) hereof shall not prohibit the incurrence of any of the following items of Indebtedness (collectively, "*Permitted Debt*"):

(1) the incurrence by the Company and the Parent of the Notes and Note Guarantees (including any PIK or any increase in the principal amount of any Note as a result of any PIK Payments) and any Permitted Refinancing Indebtedness that is incurred to renew, refund, refinance, replace, defease, extend or discharge any other Indebtedness incurred pursuant to this clause (1);

(2) the incurrence by the Parent or any of its Restricted Subsidiaries of the Existing Indebtedness, the Existing Notes and any Indebtedness that is incurred pursuant to or in lieu of a commitment in existence as of the Closing Date;

(3) the incurrence by the Parent or any of its Restricted Subsidiaries of (a) Indebtedness and letters of credit (and reimbursement obligations with respect thereto) under Credit Facilities in an aggregate principal amount at any one time outstanding under this clause (3) (with letters of credit being deemed to have a principal amount equal to the maximum potential liability of the Parent and its Restricted Subsidiaries thereunder) not to exceed the greater of (i) $21.0 billion or (ii) 40% of the Consolidated Tangible Assets of the Parent and its Restricted Subsidiaries (calculated at the time of such incurrence) and (b)

Indebtedness and letters of credit (and reimbursement obligations with respect thereto) under Credit Facilities secured on a junior priority basis by some or all of the collateral securing Indebtedness under Credit Facilities contemplated by clause (a) of this clause (3) in an aggregate principal amount at any one time outstanding under this clause (3)(b) (with letters of credit being deemed to have a principal amount equal to the maximum potential liability of the Parent and its Restricted Subsidiaries thereunder) not to exceed $4.0 billion;

(4) the incurrence by the Parent or any of its Restricted Subsidiaries of Indebtedness (including Finance Lease Obligations, mortgage financings, purchase money obligations and government bond financings) incurred to finance (or to reimburse the Parent or any of its Restricted Subsidiaries for) all or any part of the purchase price or cost of use, design, construction, installation or improvement of property, plant or equipment (including without limitation (and in each case, whether or not owned by the Parent or its Restricted Subsidiaries) Aircraft Related Facilities or Aircraft Related Equipment) used in the business of the Parent or any of its Restricted Subsidiaries;

(5) the incurrence by the Parent or any of its Restricted Subsidiaries of (A) Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, extend, defease or discharge any Indebtedness (other than intercompany Indebtedness) that was permitted by this Indenture to be incurred under Section 4.08(a) hereof or clause (2), (4), (5), (6), (13), (20), (21), (24) or (25) of this Section 4.08(b) and (B) Permitted Refinancing Indebtedness secured by Aircraft Related Equipment or other assets replacing, renewing, refunding, extending, refinancing, defeasing or discharging any other Indebtedness of the Parent or any of its Restricted Subsidiaries that was secured by Aircraft Related Equipment or other assets; including, in the case of both clauses (a) and (b), the incurrence (including by way of assumption, merger or co-obligation) by one or more of the Parent and its Restricted Subsidiaries of Indebtedness of any other Restricted Subsidiaries in connection with, or in contemplation of, a spin-off of such other Restricted Subsidiary;

(6) the incurrence by the Parent or any of its Restricted Subsidiaries of Indebtedness, Disqualified Stock or preferred stock (including Acquired Debt) (A) as part of, or to finance, the acquisition (including by way of merger) of any Permitted Business, (B) incurred in connection with, or as a result of, the merger, consolidation or amalgamation of any Person (including the Parent or any of its Restricted Subsidiaries) that owns a Permitted Business with or into the Parent or a Restricted Subsidiary of the Parent, or into which the Parent or a Restricted Subsidiary of the Parent is merged, consolidated or amalgamated, or (C) that is an outstanding obligation or commitment to enter into an obligation of a Person that owns a Permitted Business at the time that such Person is acquired by the Parent or a Restricted Subsidiary of the Parent and becomes a Restricted Subsidiary of the Parent;

(7) the incurrence by the Parent or any of its Restricted Subsidiaries of intercompany Indebtedness between or among the Parent and/or any of its Restricted Subsidiaries;

(8) the issuance by any Restricted Subsidiary of the Parent to the Parent or to any of its Restricted Subsidiaries of shares of preferred stock;

(9) the incurrence by the Parent or any of its Restricted Subsidiaries of Hedging Obligations in the Ordinary Course of Business;

(10) the Guarantee (including by way of co-obligation or assumption) by the Parent or any Restricted Subsidiary of the Parent of Indebtedness of the Parent or a Restricted Subsidiary of the Parent (including in connection with or in contemplation of a spin-off of the original obligor of the guaranteed or assumed Indebtedness) to the extent that the guaranteed Indebtedness was permitted to be incurred by another provision of this Section 4.08; *provided* that if the Indebtedness being guaranteed is subordinated to or *pari passu* with the Notes, then the Guarantee must be subordinated or *pari passu*, as applicable, to the same extent as the Indebtedness guaranteed or assumed;

(11) the incurrence by the Parent or any of its Restricted Subsidiaries of Indebtedness or reimbursement obligations in respect of workers' compensation claims, self-insurance obligations (including reinsurance), bankers' acceptances, performance bonds and surety bonds in the Ordinary Course of Business (including without limitation in respect of customs obligations, landing fees, taxes, airport charges, overfly rights and any other obligations to airport and governmental authorities);

(12) the incurrence by the Parent or any of its Restricted Subsidiaries of Indebtedness in respect of any overdrafts and related liabilities arising from treasury, depository and cash management services or in connection with any automated clearing house transfers of funds;

(13) Indebtedness (a) constituting credit support or financing from aircraft or engine or parts manufacturers or their affiliates or (b) incurred to finance or refinance Aircraft Related Equipment or other operating assets (including, without limitation, to reimburse the Parent or any of its Restricted Subsidiaries for the acquisition cost of any of the foregoing, to finance any pre-delivery, progress or similar payment or pursuant to a sale and lease-back) (whether in advance of or at any time following any acquisition of items being financed, and whether such Indebtedness is unsecured in whole or in part or is secured by such items or by other items or by any combination); *provided* that the principal amount of such Indebtedness incurred in reliance on subsection (b) of this clause (13), at the time of incurrence of such Indebtedness, may exceed the aggregate incurred and anticipated costs to finance acquisition of the item or items being financed by such Indebtedness (calculated at the time of incurrence of such Indebtedness and determined in good faith by an Officer of the Parent or Restricted Subsidiary, as applicable, (including reasonable estimates of anticipated costs) and calculated to include, without limitation, purchase price, fees, expenses, repayment of any pre-delivery financing and related interest expense (whether or not capitalized) and premium (if any), delivery and late charges and other costs associated with such acquisition (as so calculated, for purposes of this proviso, the "*financing costs*")) but, if such principal amount exceeds such financing costs, it may not exceed the aggregate Fair Market Value of the item or items securing such 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);

(14) Indebtedness issued to current or former directors, consultants, managers, officers and employees and their spouses or estates (a) to purchase or redeem Capital Stock of the Parent issued to such director, consultant, manager, officer or employee in an aggregate principal amount not to exceed $30.0 million in any twelve-month period or (b) pursuant to any deferred compensation plan approved by the Board of Directors of the Parent;

(15) reimbursement obligations in respect of standby or documentary letters of credit or banker's acceptances;

(16) surety and appeal bonds that do not secure judgments that constitute an Event of Default;

(17) Indebtedness of the Parent or any of its Restricted Subsidiaries to Credit Card, travel charge or clearing house processors in connection with Credit Card processing, travel charge or clearing house services incurred in the Ordinary Course of Business, whether in the form of hold-backs or otherwise;

(18) the incurrence by a Receivables Subsidiary of Indebtedness in a Qualified Receivables Transaction that is without recourse to the Parent or to any other Restricted Subsidiary of the Parent or their assets (other than such Receivables Subsidiary and its assets and, as to the Parent or any other Restricted Subsidiary of the Parent, other than Standard Securitization Undertakings) and is not guaranteed by any such Person;

(19) the incurrence of Indebtedness of the Parent or any of its Restricted Subsidiaries owed to one or more Persons in connection with the financing of insurance premiums in the Ordinary Course of Business;

(20) Indebtedness in respect of or in connection with tax-exempt or tax-advantaged municipal bond and similar financings related to Aircraft Related Facilities;

(21) Credit Card purchases of fuel;

(22) Indebtedness arising from agreements of the Parent or any of its Restricted Subsidiaries providing for indemnification, adjustment of purchase price or similar obligations, in each case, incurred or assumed in connection with the acquisition or disposition of any business, assets or a Subsidiary; *provided* that, in the case of a disposition, the maximum assumable liability in respect of all such Indebtedness shall at no time exceed the gross proceeds, including non-cash proceeds (the Fair Market Value of such non-cash proceeds being measured at the time received and without giving effect to any subsequent changes in value) actually received by the Parent or any of its Restricted Subsidiaries in connection with such disposition;

(23) Indebtedness of the Parent or any of its Restricted Subsidiaries consisting of take-or-pay or like obligations contained in supply, maintenance, repair, power-by-the-hour, overhaul or like agreements either (A) entered into in the Ordinary Course of Business or (B) otherwise customary, typical or appropriate for a Permitted Business;

(24) the incurrence by the Parent or any of its Restricted Subsidiaries of additional Indebtedness that is either (A) unsecured and expressly contractually subordinated in right of payment to the prior payment in full in cash of all Note Obligations on terms not materially less favorable to the Holders of the Notes than those customary at the time of incurrence (determined in good faith by a senior financial officer of the Parent) for senior subordinated "high yield" debt securities or (B) unsecured, pari passu in right of payment with all Note Obligations and convertible into common stock of the Parent; *provided* that the aggregate principal amount of Indebtedness incurred pursuant to clauses (A) and (B) together, including all Permitted Refinancing Indebtedness incurred to renew, refund, refinance, replace, extend, defease or discharge any Indebtedness incurred pursuant to this clause (24), does not exceed $1.5 billion at any time outstanding; and

(25) the incurrence by the Parent or any of its Restricted Subsidiaries of additional Indebtedness in an aggregate principal amount (or accreted value, as applicable), including all Permitted Refinancing Indebtedness incurred to renew, refund, refinance, replace, extend, defease or discharge any Indebtedness incurred pursuant to this clause (25), not to exceed $3.0 billion, at any time outstanding.

(c) For purposes of determining compliance with this Section 4.08, if an item of Indebtedness meets the criteria of more than one of the categories of Permitted Debt set forth in clauses (1) through (25) of Section 4.08(b) hereof or is entitled to be incurred pursuant to Section 4.08(a) hereof, the Parent shall be permitted to classify all or a portion of such item of Indebtedness on the date of its incurrence, or later reclassify all or a portion of such item of Indebtedness, in any manner that complies with this Section 4.08; *provided* that the term "Existing Indebtedness" shall not include any Indebtedness that is permitted to be incurred under clause (1) or (3) of the definition of Permitted Debt. Additionally, all or any portion of any item of Indebtedness may later be reclassified as having been incurred pursuant to Section 4.08(a) hereof or under any category of Permitted Debt described in clauses (1) through (25) of Section 4.08(b) so long as such item (or portion) of Indebtedness is permitted to be incurred pursuant to such provision at the time of reclassification.

(d) None of the following shall constitute an incurrence of Indebtedness or an issuance of preferred stock or Disqualified Stock for purposes of this Section 4.08:

(1) the accrual of interest or preferred stock dividends;

(2) the accretion or amortization of original issue discount;

(3) the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms;

(4) the reclassification of preferred stock or any other instrument or transaction as Indebtedness due to a change in accounting principles or in GAAP; and

(5) the payment of dividends on preferred stock or Disqualified Stock in the form of additional shares of the same class of preferred stock or Disqualified Stock.

(e) For purposes of determining compliance with any U.S. dollar-denominated restriction on the incurrence of Indebtedness, the U.S. dollar-equivalent principal amount of Indebtedness denominated in a foreign currency shall be utilized, calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred. Notwithstanding any other provision of this Section 4.08, the maximum amount of Indebtedness that the Parent or any of its Restricted Subsidiaries may incur pursuant to this Section 4.08 shall not be deemed to be exceeded solely as a result of fluctuations in exchange rates or currency values.

(f) The amount of any Indebtedness outstanding as of any date shall be:

(1) the accreted value of the Indebtedness as of such date, in the case of any Indebtedness issued with original issue discount;

(2) the principal amount of the Indebtedness as of such date, in the case of any other Indebtedness; and

(3) in respect of Indebtedness of another Person secured by a Lien on the assets of the specified Person, the lesser of:

(A) the Fair Market Value of such assets as of such date; and

(B) the amount of the Indebtedness of the other Person as of such date.

Section 4.09 *Reserved.*

Section 4.10 *Offer to Repurchase Upon Change of Control.*

(a) If a Change of Control occurs, each Holder of the Notes shall have the right to require the Company to repurchase all or any part (equal to a minimum denomination of $100,000 or an integral multiple of $1,000 in excess thereof (or, if a PIK Payment has been made, in a minimum denomination of $1.00 or an integral multiple of $1.00 in excess thereof with respect to the portion of any Note constituting PIK Interest) of that Holder's Notes pursuant to an offer (a "*Change of Control Offer*") at a purchase price in cash equal to 101% of the aggregate principal amount of Notes repurchased, plus accrued and unpaid interest on the Notes repurchased to (but not including) the date of purchase (the "*Change of Control Payment*"). Within 30 days following any Change of Control, the Company shall deliver (with a copy to the Trustee) a notice to each Holder describing the transaction or transactions that constitute the Change of Control and stating:

(1) that the Change of Control Offer is being made pursuant to this Section 4.10 and that all Notes tendered shall be accepted for payment;

(2) the purchase price and the purchase date, which shall be no earlier than 30 days and no later than 60 days from the date such notice is delivered (the "*Change of Control Payment Date*");

(3) that any Note not tendered shall continue to accrue interest;

(4) that, unless the Company defaults in the payment of the Change of Control Payment, all Notes accepted for payment pursuant to the Change of Control Offer shall cease to accrue interest after the Change of Control Payment Date;

(5) that Holders of Notes electing to have any Notes purchased pursuant to a Change of Control Offer shall be required to surrender the Notes, with the form entitled "Option of Holder to Elect Purchase" attached to the Notes completed, or transfer the Notes by book-entry transfer, to the Paying Agent at the address specified in the notice prior to the close of business on the third Business Day preceding the Change of Control Payment Date;

(6) that Holders of Notes shall be entitled to withdraw their election if the Paying Agent receives, not later than the close of business on the second Business Day preceding the Change of Control Payment Date, a telegram, telex, facsimile transmission or letter setting forth the name of the Holder, the principal amount of Notes delivered for purchase, and a statement that such Holder is withdrawing its election to have the Notes purchased; and

(7) that Holders of Notes whose Notes are being purchased only in part shall be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered, which unpurchased portion must be equal to $100,000 in principal amount or an integral multiple of $1,000 in excess thereof (or if a PIK Payment has been made, in a minimum denomination of $1.00 or an integral multiple of $1.00 in excess thereof with respect to the portion of any Note constituting PIK Interest).

The Company shall comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Change of Control. To the extent that the provisions of any securities laws or regulations conflict with the provisions of this Section 4.10, the Company shall comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations under this Section 4.10 by virtue of such compliance.

(b) On the Change of Control Payment Date, the Company shall, to the extent lawful:

(1) accept for payment all Notes or portions of Notes properly tendered pursuant to the Change of Control Offer;

(2) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all Notes or portions of Notes properly tendered; and

(3) deliver or cause to be delivered to the Trustee the Notes properly accepted together with an Officer's Certificate stating the aggregate principal amount of Notes or portions of Notes being purchased by the Company.

The Paying Agent shall promptly deliver (or pay by wire transfer) (but in any case not later than five days after the Change of Control Payment Date) to each Holder of the Notes properly tendered the Change of Control Payment for such Notes, and the Company shall issue, and the Trustee shall promptly authenticate and deliver (or cause to be transferred by book entry) to each such Holder, a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any. The Company shall publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

(c) Notwithstanding anything to the contrary in this Indenture or the Notes:

(1) the Company shall not be required to make a Change of Control Offer upon a Change of Control if (i) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in this Section 4.10 and purchases all Notes properly tendered and not withdrawn under the Change of Control Offer or (ii) notice of redemption with respect to all Notes has been given pursuant to Sections 3.01, 3.03 and 3.07 hereof, unless and until there is a default in payment of the applicable redemption price; and

(2) a Change of Control Offer may be made in advance of a Change of Control, conditioned upon the consummation of such Change of Control, if a definitive agreement is in place for the Change of Control at the time the Change of Control Offer is made.

(d) If Holders of not less than 90% in aggregate principal amount of the outstanding Notes validly tender and do not withdraw such Notes in a Change of Control Offer and the Company, or any third party making a Change of Control Offer in lieu of the Company as described above, purchases all of the Notes validly tendered and not withdrawn by such Holders, the Company or such third party will have the right, upon not less than 10 days nor more than 60 days' prior notice, given not more than 30 days following such purchase pursuant to the Change of Control Offer described above, to redeem all Notes that remain outstanding following such purchase at a price in cash equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to (but not including) the redemption date. Any redemption pursuant to this Section 4.10(d) shall be made pursuant to the provisions of Sections 3.01 through 3.06 hereof.

(e) For avoidance of doubt, the Company's failure to make a Change of Control Offer would constitute a Default under clause (4)(iii) of the definition of "Event of Default" in Section 6.01 hereof and not clause (2) or (3) of the definition of "Event of Default" in Section 6.01 hereof, but the failure of the Company to pay the Change of Control Payment when due shall constitute a Default under clause (2) of the definition of "Event of Default" in Section 6.01 hereof.

Section 4.11 *Designation of Restricted and Unrestricted Subsidiaries.*

(a) The Board of Directors of the Parent may designate any Restricted Subsidiary (other than the Company) 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 the Parent and its Restricted Subsidiaries in the Subsidiary designated as an Unrestricted Subsidiary shall be deemed to be an Investment made as of the time of the designation. That designation shall be permitted only if the Investment would be permitted at that

time under Section 4.07 hereof and if the Restricted Subsidiary otherwise meets the definition of an "Unrestricted Subsidiary."

(b) Any designation of a Subsidiary of the Parent as an Unrestricted Subsidiary shall be evidenced to the Trustee by filing with the Trustee a certified copy of a resolution of the Board of Directors of the Parent giving effect to such designation and an Officer's Certificate certifying that such designation complied with the preceding conditions. The Board of Directors of the Parent may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary of the Company; *provided* that such designation shall be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of the Parent of any outstanding Indebtedness of such Unrestricted Subsidiary and such designation shall be permitted only if (i) the incurrence of such Indebtedness is permitted under Section 4.08 hereof, calculated on a pro forma basis as if such designation had occurred at the beginning of the applicable reference period and (ii) no Default would be in existence following such designation.

(c) For avoidance of doubt, the Company may not be designated as an Unrestricted Subsidiary.

Section 4.12 *Limitations on Liens*

(a) The 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 (i) in the case of IP Collateral, Permitted IP Liens and (ii) in the case of LGA/DCA Collateral, Permitted LGA/DCA Liens.

(b) Notwithstanding anything in this Indenture or any Collateral Document to the contrary,

(1) (A) no Indebtedness of the Parent or any of its Restricted Subsidiaries is permitted to be secured by Liens on the IP Collateral that are expressly designated or described in the applicable definitive documentation (including any intercreditor agreement, security agreement or other collateral document) as ranking senior to Liens on the IP Collateral securing the Note Obligations and (B) the only Indebtedness that is permitted to be secured by Liens on the IP Collateral that are expressly designated or described in the applicable definitive documentation (including any intercreditor agreement, security agreement or other collateral document) as ranking *pari passu* with Liens on the IP Collateral securing the Note Obligations is Indebtedness that is secured by Liens incurred in reliance on clause (2) of the definition of "Permitted IP Liens", and

(2) (A) the only Indebtedness that is permitted to be secured by Liens on the LGA/DCA Collateral that are expressly designated or described in the applicable definitive documentation (including any intercreditor agreement, security agreement or other collateral document) as ranking senior to the Liens on the LGA/DCA Collateral securing the Note Obligations is Indebtedness that is secured by Liens incurred in reliance on clause (17) of the definition of "Permitted LGA/DCA Liens" and (B) no Indebtedness is permitted to be secured by Liens on the LGA/DCA Collateral that are expressly designated or described in the applicable definitive documentation (including any intercreditor agreement, security

agreement or other collateral document) as ranking *pari passu* with Liens on the LGA/DCA Collateral securing the Note Obligations.

Section 4.13 *Delivery of Appraisals*

(a) A single time during each calendar year, commencing in 2021, with respect to each category of LGA/DCA Collateral; and

(b) Within the 45-day period following a request by the Controlling Party if an Event of Default has occurred and is continuing,

the Company will deliver to the Trustee and the Collateral Agent one or more Appraisals establishing the Appraised Value of the LGA/DCA Collateral (other than with respect to cash or Cash Equivalents in the LGA/DCA Collateral) which, for avoidance of doubt, shall not be required to include an Appraisal of Gate Leaseholds. The Company will make copies of these Appraisals available on a private, restricted website to which noteholders, prospective investors, broker-dealers and securities analysts are given access. For avoidance of doubt, the Company may (but shall not be required to) deliver Appraisals to the Trustee and the Collateral Agent on additional dates with greater frequency than is required pursuant to the provisions above.

(c) For avoidance of doubt, the Appraised Value of any Additional Collateral (other than any cash or Cash Equivalents) pledged by the Company or another Grantor that has not previously been included in an Appraisal shall be deemed to be zero until an Appraisal of such Additional Collateral has been delivered to the Trustee and the Collateral Agent.

(d) For avoidance of doubt, the Company's failure to deliver any Appraisal required by clauses (a) or (b) above will be deemed to constitute an Event of Default for purposes of clause (4) under Section 6.01 hereof upon expiration of the applicable grace period.

Section 4.14 *Collateral Coverage Ratio*

(a) Within thirty (30) Business Days after delivery of each Appraisal that is required to be delivered pursuant to Section 4.13 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 Company will deliver to the Trustee 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 the Core Collateral.

(b) (x) If the Collateral Coverage Ratio with respect to any Reference Date is less than 1.6 to 1.0, the Company 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 (subject to Permitted LGA/DCA Liens) and/or (B) prepay or cause to be prepaid Priority Lien Debt 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 Priority

Lien 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 Company 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 (subject to Permitted LGA/DCA Liens) such that following such grant the LGA/DCA Collateral shall include the Core Collateral or (B) deliver irrevocable and unconditional notice of redemption with respect to all then-outstanding Notes pursuant to Section 3.03 and satisfy and discharge this Indenture pursuant to Article 8 hereof no later than 15 days following delivery of such notice of redemption.

(c) In the event any property described in clauses (d) or (e) of the definition of "Additional Collateral" is to be pledged by the Company or any other Grantor as Additional Collateral, the Company will appoint the Collateral Agent or another collateral agent or security trustee to serve as the security trustee under the applicable Aircraft Security Agreement or Spare Engines 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 Engines Security Agreement, as the context requires, shall be deemed to refer to such security trustee. The Company will cause such security trustee to join the LGA/DCA Intercreditor Agreement or any other applicable intercreditor agreement.

Section 4.15 *Dispositions and Release of Collateral*

(a) Neither the Company nor any Grantor shall Dispose of or release any LGA/DCA Collateral (including, without limitation, by way of any Sale of a Grantor), except that any Disposition or release shall be permitted (i) in the case of a Permitted LGA/DCA Disposition or (ii) in the case of any Disposition or release of LGA/DCA Collateral that is not a Permitted LGA/DCA Disposition; *provided* that in the case of any Disposition or release of LGA/DCA Collateral that is not a Permitted LGA/DCA Disposition (A) upon consummation of any such Disposition or release, 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 or release (including any deposit of any Net Proceeds received upon consummation thereof in the Collateral Proceeds Account subject to an Account Control Agreement); or (II) the Company shall (1) grant (or cause another Grantor to grant) a security interest in Additional Collateral (subject to Permitted LGA/DCA Liens) and/or (2) prepay or cause to be prepaid Priority Lien Debt such that following such actions in clauses (1) and/or (2) above, the Collateral Coverage Ratio, recalculated by adding the Appraised Value of any such Additional Collateral and any such Net Proceeds to clause (i) of the definition of Collateral Coverage Ratio and subtracting any such prepaid Priority Lien Debt from clause (ii) of the definition of Collateral Coverage Ratio, shall be no less than 1.6 to 1.0 (*provided* that in the case of any Disposition or release that is not a voluntary Disposition or release of Collateral by the Company or such Grantor, the Company shall have up to 45 days after such Disposition to accomplish the actions contemplated by this clause (II)), (C) after giving effect to such Disposition or release, the LGA/DCA Collateral shall include the Core Collateral, (D) the aggregate Appraised Value of all LGA/DCA Collateral Disposed of or released shall not exceed $100,000,000 (the "*Disposition and Release Threshold*") (*provided* that, in the case of this clause (D), (I) LGA/DCA Collateral (other than LGA/DCA Collateral constituting Cure Collateral) having an aggregate Appraised Value in excess of the Disposition and Release Threshold (when taken together with the aggregate Appraised

Value of all LGA/DCA Collateral Disposed of and/or released within the Disposition and Release Threshold) may be Disposed of (each such Disposition, a "*Specified Disposition*") so long as an amount equal to (x) the Net Proceeds of such Specified Disposition (to the extent in excess of the unused amount, if any, of the Disposition and Release Threshold immediately prior to such Specified Disposition), less (y) any amount of such Net Proceeds that is required to be applied to repay, prepay, purchase or redeem any Priority Lien Debt (the "*Asset Sale Offer Amount*") is applied to make an Asset Sale Offer, which Asset Sale Offer is commenced no more than five Business Days after the completion of such Specified Disposition (it being understood that if such Asset Sale Offer is made, the requirements of this clause (I) will be deemed to be satisfied regardless of whether or not any Notes are tendered in such Asset Sale Offer) and (II) LGA/DCA Collateral constituting Cure Collateral having an aggregate Appraised Value in excess of the Disposition and Release Threshold (when taken together with the aggregate Appraised Value of all LGA/DCA Collateral Disposed of and/or released within the Disposition and Release Threshold) may be Disposed of or released without having to make an Asset Sale Offer; and (E) the Company shall promptly provide to the Collateral Agent a Collateral Coverage Ratio Certificate calculating the Collateral Coverage Ratio and certifying that the LGA/DCA Collateral includes the Core Collateral after giving effect to such Disposition or release and any actions taken pursuant to clause (B)(II) above.

(b) Neither the Company nor any Grantor shall Dispose of or release any IP Collateral (including, without limitation, by way of any Sale of a Grantor), except that any Disposition of IP Collateral shall be permitted in the case of a Permitted IP Collateral Disposition.

(c) Subject to Section 4.15(b), so long as any Notes remain outstanding, all assets or properties that are described in the Collateral Documents as IP Collateral (without giving effect to references therein to Grantors) shall be owned by the Company or another Grantor and the Collateral Agent shall have first-priority, perfected security interests therein.

(d) Notwithstanding anything herein to the contrary, the Collateral Agent's Liens on the Collateral will also be released as provided in Section 11.05.

(e) Subject in all respects to the other provisions of this Indenture, nothing in this Indenture is intended to prevent the formation of any Loyalty Program Subsidiary, the Disposition of any rights or assets (other than the IP Collateral, except in the case of any Permitted IP Collateral Disposition) to any Loyalty Program Subsidiary, nor (subject to the other provisions of the Indenture) the incurrence of any indebtedness secured by any such rights or assets (whether such indebtedness is incurred or guaranteed by the Company, any Loyalty Program Subsidiary or any other Subsidiary).

Section 4.16 *Offer to Repurchase by Application of Net Proceeds*

(a) Each Asset Sale Offer shall remain open for not less than 30 or more than 60 days immediately following its commencement, except to the extent that a longer period is required by applicable law (the "*Asset Sale Offer Period*"). Within three Business Days immediately after the termination of the Asset Sale Offer Period, the Asset Sale Offer Purchase Date shall occur and the Company shall apply the Asset Sale Offer Amount to purchase the principal amount of Notes properly tendered.

(b) The Company shall comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the Notes as a result of an Asset Sale Offer. To the extent that the provisions of any securities laws or regulations conflict with the provisions of this Section 4.16, the Company shall comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations under this Section 4.16 by virtue of such compliance.

(c) If the Asset Sale Offer Purchase Date is on or after a record date and on or before the related Interest Payment Date, any accrued and unpaid interest to, but excluding, the Asset Sale Offer Purchase Date shall be paid to the Person in whose name a tendered Note accepted for purchase is registered at the close of business on such record date, and unless the Company defaults in making payment for such tendered Note pursuant to the Asset Sale Offer, no additional interest shall be payable to Holders of such tendered Note.

(d) Upon the commencement of an Asset Sale Offer, the Company shall deliver (with a copy to the Trustee) a notice to each Holder, which shall contain all instructions and materials necessary to enable such Holders to tender Notes pursuant to the Asset Sale Offer. The Asset Sale Offer shall be made to all Holders of Notes. The notice, which shall govern the terms of the Asset Sale Offer, shall state:

(1) that the Asset Sale Offer is being made pursuant to this Section 4.16 and the length of time the Asset Sale Offer shall remain open;

(2) the Asset Sale Offer Amount, the purchase price and the Asset Sale Offer Purchase Date;

(3) that any Note not tendered or accepted for payment shall continue to accrue interest;

(4) that, unless the Company defaults in making such payment, any Note accepted for payment pursuant to the Asset Sale Offer shall cease to accrue interest after the Asset Sale Offer Purchase Date;

(5) that Holders of Notes electing to have any Notes purchased pursuant to an Asset Sale Offer may only elect to have Notes purchased in minimum denominations of $100,000 or integral multiples of $1,000 in excess thereof (or if a PIK Payment has been made, in a minimum denomination of $1.00 or an integral multiple of $1.00 in excess thereof with respect to the portion of any Note constituting PIK Interest);

(6) that Holders of Notes electing to have any Notes purchased pursuant to an Asset Sale Offer shall be required to surrender the Notes, with the form entitled “Option of Holder to Elect Purchase” attached to the Notes completed, or transfer the Notes by book-entry transfer, to the Paying Agent at the address specified in the notice prior to the close of business on the third Business Day preceding the Asset Sale Offer Purchase Date;

(7) that Holders of Notes shall be entitled to withdraw their election if the Paying Agent receives, not later than the close of business on the second Business Day preceding the

expiration of the Asset Sale Offer Period, a telegram, telex, facsimile transmission or letter setting forth the name of the Holder, the principal amount of Notes delivered for purchase, and a statement that such Holder is withdrawing its election to have the Notes purchased;

(8) that, if the aggregate principal amount of Notes surrendered by Holders exceeds the Asset Sale Offer Amount, the Trustee shall select the Notes to be purchased on a *pro rata* basis (with such adjustments as may be deemed appropriate by the Company so that only Notes in denominations of at least $100,000, or integral multiples of $1,000 in excess thereof, shall be purchased); and

(9) that Holders of Notes whose Notes are being purchased only in part shall be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered, which unpurchased portion must be equal to $100,000 in principal amount or an integral multiple of $1,000 in excess thereof (or if a PIK Payment has been made, in a minimum denomination of $1.00 or an integral multiple of $1.00 in excess thereof with respect to the portion of any Note constituting PIK Interest).

(e) On the Asset Sale Offer Purchase Date, the Company shall, to the extent lawful, accept for payment, on a *pro rata* basis to the extent necessary, all Notes or portions of Notes properly tendered pursuant to the Asset Sale Offer or, if less than the Asset Sale Offer Amount has been tendered by Holders, all Notes properly tendered in response to the Asset Sale Offer, and shall deliver to the Holders a notice stating that such Notes or portions of Notes were accepted for payment by the Company in accordance with the terms of this Section 4.16. The Paying Agent shall promptly deliver (or pay by wire transfer) (but in any case not later than five days after the Asset Sale Offer Purchase Date) to each Holder of the Notes properly tendered an amount equal to the purchase price of the Notes properly tendered by such Holder and accepted by the Company for purchase, and the Trustee shall promptly authenticate and deliver (or cause to be transferred by book entry) to each such Holder, a new Note equal in principal amount to any unpurchased portion of the Note surrendered, if any. Any Note not so accepted shall be promptly mailed or delivered by the Company to the Holder thereof.

(f) Other than as specifically provided in this Section 4.16, any purchase pursuant to this Section 4.16 shall be made pursuant to the applicable provisions of Sections 3.01 through 3.06.

Section 4.17 *Liquidity*

The 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 4.18 *Regulatory matters; citizenship; utilization; reporting*

(a) So long as any of the Notes remain outstanding, and, in each case, except as would not reasonably be expected to have a Material Adverse Effect and, as applicable, subject to Dispositions permitted under this Indenture, the Company 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 as currently in effect or as may be amended or recodified from time to time;

(3) possess and maintain all necessary certificates, exemptions, franchises, 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 any Pledged Route Authority and Pledged Slots, and to the conduct of its business and operations as currently conducted, in each case, to the extent necessary for the Company's operation of the Scheduled Services, if any;

(4) maintain Pledged Foreign Gate Leaseholds, if any, sufficient to ensure its ability to operate the Scheduled Services, if any, and to preserve its right in and to its Pledged Slots;

(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;

(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" (taking into account any waivers, exemptions or other relief granted by the relevant governmental authority or Airport Authority);

(7) utilize its Pledged Route Authorities, if any, in a manner consistent with Title 49, applicable foreign law, the applicable rules and regulations of the FAA, DOT and any applicable foreign aviation authorities, and any applicable treaty in order to preserve its rights to operate the Scheduled Services, if any;

(8) cause to be done all things reasonably necessary to preserve and keep in full force and effect its authority to operate the Scheduled Services, if any; and

(9) without in any way limiting the foregoing, the Company will promptly take all such steps as may be reasonably necessary to obtain renewal of its authority to serve its Pledged Route Authorities, if any, from the DOT and any applicable foreign aviation authorities, in each case to the extent necessary to operate the Scheduled Services, if any, within a reasonable time prior to the expiration of such authority (as prescribed by law or regulation, if any), and promptly notify the Trustee if it has been informed that such authority will not be renewed.

(b) The Company 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 its Pledged Route Authorities, if any, and have access to its Pledged Foreign Gate Leaseholds, if any.

(c) Notwithstanding any of the foregoing, it is understood and agreed that (i) any Disposition of Collateral permitted by this Indenture shall be permitted by the provisions described above, and nothing herein shall prohibit the Company or any Grantor from reducing the frequency of flight operations over its Scheduled Services, if any, or other scheduled service or suspending or cancelling its Scheduled Services, if any, or other scheduled service, (ii) nothing shall restrict or prohibit or require the Company or any Guarantor 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 Company or any of its Affiliates; *provided* that any other Slot received by the Company 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 (iii) neither the Company 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 the Route Authority, Slots, or Foreign Gate Leaseholds to air carriers generally (and not solely to the Company or solely to any 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 4.19 *Additional Guarantors*

(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 guarantee the Notes by executing a supplement to this Indenture, substantially in the form attached as Exhibit F hereto, and a supplement to the Note Guarantee, substantially in the form attached as Exhibit E hereto; 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 Note 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 Note Obligations, then Parent will promptly cause such Domestic Subsidiary to guarantee the Notes by executing a supplement to this Indenture, substantially in the form attached as Exhibit F hereto, and a supplement to the Note Guarantee, substantially in the form attached as Exhibit E hereto, 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 Note Obligations.

(c) Notwithstanding the provisions in Section 4.19(a) and 4.19(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 Company.

Section 4.20 *Further Assurances*

(a) With respect to Pledged Route Authorities, Pledged Slots and Pledged Gate Leaseholds, upon the reasonable request of the Controlling Party, the Company 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 LGA/DCA Liens;

(b) With respect to LGA/DCA Collateral constituting aircraft or spare engines, the Aircraft Security Agreement or Spare Engine Security Agreement, as applicable, will provide that the Company or the applicable Grantor shall take, or cause to be taken, upon the reasonable request of the Controlling Party, 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 LGA/DCA Liens, or at the reasonable request of the Controlling Party will furnish any security trustee appointed pursuant to Section 4.14(c) with such instruments, in execution form, and such other information, as may be required to enable such security trustee (or any Person on its behalf) 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 Company or the applicable Grantor shall take, or cause to be taken, upon the reasonable request of the Controlling Party, 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 LGA/DCA Liens;

(d) With respect to LGA/DCA Collateral constituting Real Property Assets, each of the applicable Collateral Documents relating to such LGA/DCA Collateral will provide that the Company 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 Collateral Agent for such title insurer to deliver endorsements to such title insurance as reasonably requested by the Applicable Party), 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 Applicable Party determines such appraisals are legally required and which the Company or the applicable Grantor will use commercially reasonable efforts to obtain), in each case, that the Controlling Party 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 LGA/DCA Liens; and

(e) With respect to LGA/DCA 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 LGA/DCA Collateral will provide that the Company or the applicable Grantor shall take, or cause to be taken, upon the reasonable request of the Controlling Party, 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 LGA/DCA Collateral, subject, in each case, to Permitted LGA/DCA Liens.

Section 4.21 *Post-Closing Matters*

The Company shall deliver each of the documents, instruments and agreements and take each of the actions set forth on Schedule 1 within the time periods set forth on such Schedule.

ARTICLE 5
SUCCESSORS

Section 5.01 *Merger and Sales of Assets.*

(a) The Company and the Parent may consolidate with or merge into, or convey, transfer or lease all or substantially all of the Company's or the Parent's properties and assets to, any Person (including in connection with an Airlines Merger); *provided* that:

(1) the resulting, surviving or transferee Person is a Person organized and existing under the laws of the United States of America, any state thereof or the District of Columbia, and expressly assumes by a supplemental indenture and the applicable documentation with respect to the Collateral Documents, all of the Company's or the Parent's, as applicable, obligations under the Collateral Documents, the Notes and this Indenture (in the case of the Company) or the obligations under the applicable Note Guarantee (in the case of the Parent);

(2) except in connection with any Airlines Merger, immediately after giving effect to such transaction, no Event of Default shall have occurred and be continuing; and

(3) the Company shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel stating that such consolidation, merger or transfer and such supplemental indenture (if any) complies with this Indenture.

(b) Any such successor shall succeed to and be substituted for, and may exercise every right and power of, the Company or the Parent, whichever is party to such transaction, under this Indenture, but the predecessor issuer, in the case of a lease of all or substantially all of its assets, shall not be released from the obligation to pay the principal of and interest on the Notes.

(c) For avoidance of doubt, this Section 5.01 shall not restrict mergers, conveyances, transfers or leases by a Restricted Subsidiary of the Parent that is not the Parent or the Company.

Section 5.02 *Successor Corporation Substituted*.

Upon any consolidation or merger, or any sale, lease, conveyance or other disposition of all or substantially all of the assets of the Company in accordance with Section 5.01, the successor corporation formed by such consolidation or into or with which the Company is merged or to which such sale, lease, conveyance or other disposition is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company under this Indenture with the same effect as if such successor person has been named as the Company herein; *provided*, *however*, that the predecessor Company in the case of a sale, conveyance or other disposition (other than a lease) shall be released from all obligations and covenants under this Indenture and the Notes.

ARTICLE 6
DEFAULTS AND REMEDIES

Section 6.01 *Events of Default*.

An "*Event of Default*" occurs with respect to the Notes if any of the following occurs:

(1) any representation or warranty set forth in Section 4.1 of the Note Purchase Agreement, excluding any representation or warranty solely as it relates to the LGA/DCA Notes, 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 30 Business Days after the earlier of (i) a Responsible Officer of the Company obtaining knowledge of such default or (ii) receipt by the Company of notice from the Trustee of such default;

(2) default in any payment of the principal amount or the Applicable Premium on any of the Notes when such amount becomes due and payable at Stated Maturity, upon acceleration, redemption or otherwise;

(3) failure to pay (i) interest on the Notes when such interest becomes due and payable and such failure continues for a period of 5 Business Days or (ii) any other amount when such other amount becomes due and payable and such failure continues for a period of 10 Business Days after the Company receives written notice thereof from the Trustee;

(4) failure to comply with (i) Section 4.14 hereof (for avoidance of doubt, subject to the cure provisions thereof), (ii) Section 4.17 and such failure continues for 10 Business Days after the notice specified below or (iii) any of the other covenants or agreements applicable to the Notes (other than those referred to in (1), (2), (3), (4)(i) or (4)(ii) above) and such failure continues for 60 days after the notice specified below;

(5) except as permitted by this Indenture, any Note Guarantee is held in any judicial proceeding to be unenforceable or invalid or ceases for any reason to be in full force and effect, or the Parent denies or disaffirms in writing its obligations under its Note Guarantee;

(6) the Parent or any of the Parent's Restricted Subsidiaries that is a Significant Subsidiary or any group of Restricted Subsidiaries of the Parent that, taken together, would constitute a Significant Subsidiary pursuant to or within the meaning of any Bankruptcy Law: or

(A) commences a voluntary case,

(B) consents to the entry of an order for relief against it in an involuntary case,

(C) consents to the appointment of a Bankruptcy Custodian of it or for all or substantially all of its property,

(D) makes a general assignment for the benefit of its creditors, or

(E) consents to or acquiesces in the institution of a bankruptcy or an insolvency proceeding against it;

Section 7.01 a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(A) is for relief against the Parent or any Restricted Subsidiary of the Parent that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary in an involuntary case,

(B) appoints a Bankruptcy Custodian of the Parent, any Restricted Subsidiary of the Parent that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary or for all or substantially all of its (or their) property, or

(C) orders the liquidation of the Parent, any Restricted Subsidiary of the Parent that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary, and the order or decree remains unstayed and in effect for 60 days;

Section 8.01 (a) any Collateral Document ceases to be in full force and effect (except as permitted by the terms of this Indenture or the Collateral Documents or other than as a result of any action, inaction or delay of the Trustee or the Collateral Agent) for a period of 60 consecutive days after the Company receives notice specified below, or (b) any of the Collateral Documents ceases to give the holders a valid, perfected (subject to Permitted IP Liens and Permitted LGA/DCA Liens) security interest (except as permitted by the terms of this Indenture or the Collateral Documents or other than as a result of any action, inaction or delay of the Trustee or Collateral Agent) for a period of 60 consecutive days after the

Company receives notice specified below, in each case with respect to Collateral having an Appraised Value in excess of $100,000,000 in the aggregate with respect to clauses (a) and (b) (as determined in good faith by a responsible financial or accounting officer of the Company);

Section 9.01 there is entered by a court or courts of competent jurisdiction against Parent, the Company 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;

Section 10.01 (a) the Company or any of its Restricted Subsidiaries shall default in the performance of any obligation relating to any Specified Indebtedness, and as a result of such default the holder or holders of such Specified Indebtedness, or any trustee or agent on behalf of such holder or holders, caused, or is or are permitted after the expiration of any applicable grace periods therefor to cause, with the giving of notice if required, such Specified Indebtedness to become due prior to its scheduled final maturity date, (b) the Company or any of its Restricted Subsidiaries shall default in the performance of any obligation relating to any 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 (c) the Company or any of its Restricted Subsidiaries 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 Company or any of its Restricted Subsidiaries, 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, which Indebtedness is in an aggregate principal amount at any single time unpaid exceeding $150,000,000;

Section 11.01 a termination of a Plan of the Company or an ERISA Affiliate pursuant to Section 4042 of ERISA and such termination would reasonably be expected to result in a Material Adverse Effect; or

Section 12.01 failure to preserve and keep in full force and effect the corporate existence of the Parent or the Company in accordance with the respective organizational documents (as the same may be amended from time to time) of Parent or the Company (except pursuant to a transaction that complies with Article 5 hereof).

A Default under clause (3)(ii), (4)(ii), (4)(iii) or (8) of this Section 6.01 shall not constitute an Event of Default until the Trustee notifies the Company of the Default, or the Controlling Party (or, from and after the Disposition Date, the Applicable Holders) notifies the Company and the Trustee of the Default, and in each case the Company does not cure such Default within (i) in the case of

clause (4)(ii), 10 Business Days after receipt of such notice, or (ii) otherwise, 60 days after receipt of such notice.

The term "*Bankruptcy Custodian*" means any receiver, trustee, assignee, liquidator or similar official under any Bankruptcy Law.

Section 6.02 *Acceleration*.

If an Event of Default occurs and is continuing (other than an Event of Default referred to in Section 6.01(6) or Section 6.01(7)), then in every such case the Trustee or the Controlling Party (or, from and after the Disposition Date, the Applicable Holders) may declare the principal amount of and accrued and unpaid interest, if any, on all of the Notes to be due and payable immediately, by a notice in writing to the Company (and to the Trustee if given by Holders), and upon any such declaration such principal amount and accrued and unpaid interest, if any, shall become immediately due and payable. If an Event of Default specified in Section 6.01(6) or 6.01(7) shall occur, the principal amount of and accrued and unpaid interest, if any, on all outstanding Notes shall *ipso facto* become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holder.

At any time after such a declaration of acceleration with respect to any Notes has been made and before a judgment or decree for payment of the money due has been obtained by the Trustee as hereinafter provided in this Article 6, the Controlling Party, by written notice to the Company and the Trustee, may rescind and annul such declaration of acceleration and its consequences if the recession would not conflict with any judgment or decree and if all Events of Default with respect to Notes, other than the non-payment of the principal and interest, if any, of Notes which have become due solely by such declaration of acceleration, have been cured or waived. No such rescission shall affect any subsequent Default or impair any right consequent thereon.

If the Notes are accelerated or otherwise become due prior to their stated maturity, in each case, as a result of an Event of Default (including an Event of Default under clause (6) or (7) of Section 6.01 hereof) (each an "*Acceleration Event*"), the amount of principal of and premium on the Notes that becomes due and payable shall equal 100% of the aggregate principal amount of the Notes plus the Applicable Premium applicable at the time of such Acceleration Event, as if such Acceleration Event were an optional redemption of the Notes accelerated or otherwise becoming due. Without limiting the generality of the foregoing, it is understood and agreed that if an Acceleration Event occurs, the Applicable Premium applicable with respect to an optional redemption of the Notes shall also be due and payable at the time of such Acceleration Event as though the Notes had been optionally redeemed in full at the time of such Acceleration Event and shall constitute part of the Note Obligations, in view of the impracticability and extreme difficulty of ascertaining actual damages and by mutual agreement of the parties as to a reasonable calculation of each Holder's loss as a result thereof. If the Applicable Premium becomes due and payable, it shall be deemed to be principal of the Notes, and interest shall accrue on the full aggregate principal amount of the Notes (including the Applicable Premium) from and after the occurrence of an Acceleration Event, including in connection with an Event of Default under clause (6) or (7) of Section 6.01 hereof. The Applicable Premium payable above shall be presumed to be the liquidated damages sustained by each Holder of the Notes as the result of the acceleration of the Notes and the Company agrees that it is reasonable under the circumstances currently existing. The Applicable

Premium shall also be payable in the event the Notes (and/or this Indenture) are satisfied, released or discharged by foreclosure (whether by power of judicial proceeding or otherwise), deed in lieu of foreclosure or by any other similar means. THE COMPANY EXPRESSLY WAIVES (TO THE FULLEST EXTENT IT MAY LAWFULLY DO SO) THE PROVISIONS OF ANY PRESENT OR FUTURE STATUTE OR LAW THAT PROHIBITS OR MAY PROHIBIT THE COLLECTION OF THE FOREGOING PREMIUM IN CONNECTION WITH ANY SUCH ACCELERATION. The Company expressly agrees (to the fullest extent it may lawfully do so) that: (A) the Applicable Premium is reasonable and is the product of an arm's length transaction between sophisticated business people, ably represented by counsel; (B) the Applicable Premium shall be payable notwithstanding the then prevailing market rates at the time acceleration occurs; (C) there has been a course of conduct between the Holders of the Notes and the Company giving specific consideration in this transaction for such agreement to pay the Applicable Premium; and (D) the Company shall be estopped hereafter from claiming differently than as agreed to in this paragraph. The Company expressly acknowledges that its agreement to pay the Applicable Premium to the Holders of the Notes as herein described is a material inducement to the Holders to purchase the Notes.

Section 6.03 *Collection of Indebtedness and Suits for Enforcement by Trustee*.

The Company covenants that if:

(a) default is made in the payment of any interest on any Notes when such interest becomes due and payable and such default continues for a period of 30 days, or

(b) default is made in the payment of principal of any Notes at the Stated Maturity thereof,

then, the Company will, upon demand of the Trustee, pay to it, for the benefit of the Holders of the Notes, the whole amount then due and payable on the Notes for principal and interest and, to the extent that payment of such interest shall be legally enforceable, interest on any overdue principal and any overdue interest at the rate or rates prescribed therefor in the Notes, and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

If the Company fails to pay such amounts forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust, may institute a judicial proceeding for the collection of the sums so due and unpaid, may prosecute such proceeding to judgment or final decree and may enforce the same against the Company or any other obligor upon the Notes and collect the moneys adjudged or deemed to be payable in the manner provided by law out of the property of the Company or any other obligor upon the Notes, wherever situated.

If an Event of Default with respect to the Notes occurs and is continuing, the Trustee may in its discretion proceed to protect and enforce its rights and the rights of the Holders of Notes by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy.

Section 6.04 *Trustee May File Proofs of Claim*.

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Company or any other obligor upon the Notes or the property of the Company or of such other obligor or their creditors, the Trustee (irrespective of whether the principal of the Notes shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand on the Company for the payment of overdue principal or interest) shall be entitled and empowered, by intervention in such proceeding or otherwise,

(a) to file and prove a claim for the whole amount of principal and interest owing and unpaid in respect of the Notes and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and of the Holders allowed in such judicial proceeding, and

(b) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same, and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.06.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Holder thereof or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

Section 6.05 *Trustee May Enforce Claims Without Possession of Notes*.

All rights of action and claims under this Indenture or the Notes may be prosecuted and enforced by the Trustee without the possession of any of the Notes or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Holders of the Notes in respect of which such judgment has been recovered.

Section 6.06 *Application of Money Collected*.

Any money or property collected by the Trustee pursuant to this Article shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money or property on account of principal or interest, upon presentation of the Notes and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

First: To the payment of all amounts due the Trustee and the Collateral Agent under this Indenture and the Collateral Documents; and

Second: To the payment of the amounts then due and unpaid for principal of and interest on the Notes in respect of which or for the benefit of which such money has been collected, ratably, without preference or priority of any kind, according to the amounts due and payable on the Notes for principal and interest, respectively; and

Third: To the Company.

Section 6.07 *Limitation on Suits*.

No Holder of any Notes shall have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless

(a) such Holder has previously given written notice to the Trustee of a continuing Event of Default with respect to the Notes;

(b) the Controlling Party (or, from and after the Disposition Date, the Applicable Holders) shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder;

(c) such Holder or Holders have offered to the Trustee indemnity or security satisfactory to the Trustee against the costs, expenses and liabilities which might be incurred by the Trustee in compliance with such request;

(d) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and

(e) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Controlling Party;

it being understood, intended and expressly covenanted by the Holder of every Note with every other Holder and the Trustee that no one or more of such Holders shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other of such Holders, or to obtain or to seek to obtain priority or preference over any other of such Holders or to enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable benefit of all such Holders of the Notes (it being understood that the Trustee does not have an affirmative duty to determine whether any direction is prejudicial to any holder of Notes).

Section 6.08 *Unconditional Right of Holders to Receive Principal and Interest*.

Notwithstanding any other provision in this Indenture, the Holder of any Notes shall have the right, which is absolute and unconditional, to receive payment of the principal of and interest, if any, on the Notes on the Stated Maturity of the Notes, including the Stated Maturity expressed in the Notes (or, in the case of redemption, on the redemption date) and to institute suit for the enforcement of any such payment, and such rights shall not be impaired without the consent of such Holder.

Section 6.09 *Restoration of Rights and Remedies*.

If the Trustee or any Holder has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Holder, then and in every such case, subject to any determination in such proceeding, the Company, the Trustee and the Holders shall be restored severally and respectively to their former positions hereunder and thereafter all rights and remedies of the Trustee and the Holders shall continue as though no such proceeding had been instituted.

Section 6.10 *Rights and Remedies Cumulative*.

Except as otherwise provided with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes in Section 2.07, no right or remedy herein conferred upon or reserved to the Trustee or to the Holders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not, to the extent permitted by law, prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 6.11 *Delay or Omission Not Waiver*.

No delay or omission of the Trustee or of any Holder of the Notes to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders, as the case may be.

Section 6.12 *Control by Holders*.

The Controlling Party shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee for the Notes, or exercising any trust or power conferred on the Trustee with respect to the Notes; *provided* that:

(a) such direction shall not be in conflict with any rule of law or with this Indenture,

(b) the Trustee may take any other action deemed proper by the Trustee, which is not inconsistent with such direction,

(c) subject to the provisions of Section 6.02, the Trustee shall have the right to decline to follow any such direction if the Trustee in good faith shall, by a Responsible Officer of the Trustee, determine that the proceeding so directed would involve the Trustee in personal liability, and

(d) prior to taking any action as directed under this Section 6.12, the Trustee shall be entitled to indemnity satisfactory to it in its sole discretion against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

Section 6.13 *Waiver of Past Defaults*.

By notice to the Trustee, the Controlling Party may waive an existing Default and its consequences except (i) a Default in the payment of the principal amount of, the Applicable Premium and accrued and unpaid interest on the Notes, (ii) a Default arising from the failure to redeem or purchase any Notes when required pursuant to the terms of this Indenture or (iii) a Default in respect of a provision that under this Indenture cannot be amended without the consent of each Holder of the Notes affected.

Section 6.14 *Undertaking for Costs*.

All parties to this Indenture agree, and each Holder of any Notes by his acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken, suffered or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section shall not apply to any suit instituted by the Company, to any suit instituted by the Trustee, to any suit instituted by any Holder, or group of Holders, holding in the aggregate more than 10% in principal amount of the outstanding Notes, or to any suit instituted by any Holder for the enforcement of the payment of the principal of or interest on any Notes on or after the Stated Maturity of the Notes, including the Stated Maturity expressed in the Notes (or, in the case of redemption, on the redemption date).

ARTICLE 7
TRUSTEE

Section 7.01 *Duties of Trustee.*

(a) If an Event of Default has occurred and is continuing, the Trustee will exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in its exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) Except during the continuance of an Event of Default:

(1) The Trustee need perform only those duties that are expressly set forth in this Indenture and no implied covenants or obligations shall be read into this Indenture against the Trustee.

(2) In the absence of negligence or willful misconduct on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon Officer's Certificates or Opinions of Counsel furnished to the Trustee and conforming to the requirements of this Indenture; however, in the case of any such Officer's Certificates or Opinions of Counsel which by any provisions hereof are specifically required to be furnished to the Trustee, the Trustee shall examine such Officer's Certificates and Opinions of Counsel to determine whether or not they conform to the form requirements of this Indenture.

(c) The Trustee may not be relieved from liabilities for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(1) this paragraph does not limit the effect of paragraph (b) of this Section 7.01;

(2) the Trustee will not be liable for any error of judgment made in good faith by a Responsible Officer, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts; and

(3) The Trustee shall not be liable with respect to any action taken, suffered or omitted to be taken by it with respect to the Notes in good faith in accordance with the direction of the Controlling Party, the Applicable Holders, or the Holders of a majority in principal amount of the outstanding Notes, as applicable, relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture with respect to the Notes in accordance with Section 6.12.

(d) Whether or not therein expressly so provided, every provision of this Indenture that in any way relates to the Trustee is subject to paragraphs (a), (b), and (c) of this Section 7.01.

(e) The Trustee may refuse to perform any duty or exercise any right or power unless it receives indemnity satisfactory to it against the costs, expenses and liabilities which might be incurred by it in performing such duty or exercising such right or power.

(f) The Trustee shall not be liable for interest on any money received by it except as the Trustee may agree in writing with the Company. Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law. The Trustee shall have no responsibility or liability for any loss which may result from the investment of Collateral and, in the absence of written instruction, the Trustee shall hold any such Collateral uninvested.

(g) No provision of this Indenture shall require the Trustee to risk its own funds or otherwise incur any financial liability in the performance of any of its duties, or in the exercise of any of its rights or powers, if adequate indemnity against such risk is not assured to the Trustee in its satisfaction.

(h) The Paying Agent, the Registrar and any authenticating agent shall be entitled to the protections and immunities as are set forth in paragraphs (e), (f) and (g) of this Section 7.01 and in Section 7.02, each with respect to the Trustee.

Section 7.02 *Rights of Trustee.*

(a) The Trustee may rely on and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document (whether in its original or facsimile form) believed by it to be genuine and to have been signed or presented by the proper person. The Trustee need not investigate any fact or matter stated in the document.

(b) Before the Trustee acts or refrains from acting, it may require an Officer's Certificate or an Opinion of Counsel or both. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on such Officer's Certificate or Opinion of Counsel.

(c) The Trustee may act through agents and shall not be responsible for the misconduct or negligence of any agent appointed with due care. No Depositary shall be deemed an agent of the Trustee and the Trustee shall not be responsible for any act or omission by any Depositary.

(d) The Trustee shall not be liable for any action it takes or omits to take in good faith which it believes to be authorized or within its rights or powers, *provided* that the Trustee's conduct does not constitute willful misconduct or negligence.

(e) The Trustee may consult with counsel and the advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder without willful misconduct or negligence, and in reliance thereon.

(f) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders of Notes unless such Holders shall have offered to the Trustee security or indemnity satisfactory to it against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

(g) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit.

(h) The Trustee shall not be deemed to have notice of any Default or Event of Default unless a Responsible Officer of the Trustee has actual knowledge thereof or unless written notice of any event which is in fact such a default is received by the Trustee at the Corporate Trust Office of the Trustee, and such notice references the Notes and this Indenture.

(i) In no event shall the Trustee be liable to any person for special, punitive, indirect, consequential or incidental loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Trustee has been advised of the likelihood of such loss or damage.

(j) The permissive right of the Trustee to take the actions permitted by this Indenture shall not be construed as an obligation or duty to do so.

(k) The Trustee shall not be liable for any amount in excess of the value of the Collateral.

(l) The Trustee shall have no responsibilities as to the validity, sufficiency, value, genuineness, ownership or transferability of the Collateral, written instructions or other documents in connection therewith and will not be regarded as making nor be required to make any representations with respect thereto.

(m) The Trustee shall have no obligation to give, execute, deliver, file, record, authorize or obtain any financing statements, notices, instruments, documents agreements consents or other papers as shall be necessary to (i) create, preserve, perfect or validate the security interest granted to the Collateral Agent pursuant to the applicable Collateral Documents or (ii) enable the Collateral Agent to exercise and enforce its rights under the applicable Collateral Documents with respect to such pledge and security interest. In addition, the Trustee shall have no responsibility or liability (i) in connection with the acts or omissions of the Company or the Parent in respect of the foregoing or (ii) for or with respect to the legality, validity and enforceability of any security interest created in the Collateral or the perfection and priority of such security interest.

(n) The rights, privileges, protections, immunities and benefits given to the Trustee, including its right to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder, and each agent, custodian and other Person employed to act hereunder.

Section 7.03 *Individual Rights of Trustee*.

The Trustee in its individual or any other capacity may become the owner or pledgee of Notes and may otherwise deal with the Company or an Affiliate of the Company with the same rights it would have if it were not Trustee. Any Agent may do the same with like rights. The Trustee is also subject to Section 7.09.

Section 7.04 *Trustee's Disclaimer*.

The Trustee makes no representation as to the validity or adequacy of this Indenture or the Notes, it shall not be accountable for the Company's use of the proceeds from the Notes, and it shall not be responsible for any statement in the Notes other than its authentication.

Section 7.05 *Notice of Defaults*.

If a Default or Event of Default occurs and is continuing with respect to the Notes and if it is actually known to a Responsible Officer of the Trustee, the Trustee shall mail to each Holder notice of the Default or Event of Default within 90 days after it occurs or, if later, after a Responsible Officer of the Trustee has knowledge of such Default or Event of Default. Except in the case of a

Default or Event of Default in payment of principal of, the Applicable Premium or accrued and unpaid interest on the Notes, the Trustee may withhold the notice if and so long a Responsible Officer in good faith determines that withholding the notice is in the interests of Holders of the Notes.

Section 7.06 *Compensation and Indemnity*.

The Company shall pay to the Trustee and the Collateral Agent from time to time compensation for its services as the Company and the Trustee or the Collateral Agent shall from time to time agree upon in writing. The Trustee's and Collateral Agent's compensation shall not be limited by any law on compensation of a trustee of an express trust. The Company shall reimburse the Trustee and the Collateral Agent upon request for all reasonable out of pocket expenses incurred by it. Such expenses shall include the reasonable compensation and expenses of the Trustee's agents and counsel.

The Company shall indemnify each of the Trustee and the Collateral Agent and any predecessor Collateral Agent and any predecessor Trustee (including the cost of enforcement or defending themselves) and hold them harmless against any cost, expense or liability, including taxes (other than taxes based upon, measured by or determined by the income of the Trustee or the Collateral Agent) incurred by it except as set forth in the next paragraph in the performance of its duties under this Indenture or the Collateral Documents as Trustee or Collateral Agent. The Trustee or the Collateral Agent, as applicable, shall notify the Company promptly of any third party claim for which it may seek indemnity. Failure by the Trustee or the Collateral Agent, as applicable to so notify the Company shall not relieve the Company of its obligations hereunder, unless and to the extent that the Company is materially prejudiced thereby. The Company shall defend the third party claim and the Trustee or the Collateral Agent, as applicable shall cooperate in the defense. The Trustee and the Collateral Agent may have one separate counsel and the Company shall pay the reasonable fees and expenses of such counsel. The Company need not pay for any settlement made without its consent, which consent will not be unreasonably withheld. This indemnification shall apply to officers, directors, employees, shareholders and agents of the Trustee and the Collateral Agent.

The Company need not reimburse any expense or indemnify against any loss or liability incurred by the Trustee or by any officer, director, employee, shareholder or agent of the Trustee through willful misconduct or negligence. The Company need not reimburse any expense or indemnify against any loss or liability incurred by the Collateral Agent or by any officer, director, employee, shareholder or agent of the Collateral Agent through willful misconduct or gross negligence.

To secure the Company's payment obligations in this Section, the Trustee shall have a lien prior to the Notes on all money or property held or collected by the Trustee, except that held in trust to pay principal of and interest on the Notes.

When the Trustee incurs expenses or renders services after an Event of Default specified in Section 6.01(6) or (7) occurs, the expenses and the compensation for the services are intended to constitute administrative expenses for purposes of priority under any Bankruptcy Law.

The provisions of this Section shall survive the termination of this Indenture and resignation or removal of the Trustee or the Collateral Agent.

Section 7.07 *Replacement of Trustee*.

A resignation or removal of the Trustee and appointment of a successor Trustee shall become effective only upon the successor Trustee's acceptance of appointment as provided in this Section.

The Trustee may resign with respect to the Notes by so notifying the Company at least 30 days prior to the date of the proposed resignation. The Controlling Party may remove the Trustee with respect to those Notes by so notifying the Trustee and the Company at least 30 days prior to the date of the proposed removal. The Company may remove the Trustee with respect to the Notes if:

(1) the Trustee fails to comply with Section 7.09;

(2) the Trustee is adjudged a bankrupt or an insolvent or an order for relief is entered with respect to the Trustee under any Bankruptcy Law;

(3) a Custodian or public officer takes charge of the Trustee or its property; or

(4) the Trustee becomes incapable of acting.

If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason, the Company shall promptly appoint a successor Trustee. Within one year after the successor Trustee takes office, the Controlling Party may appoint a successor Trustee to replace the successor Trustee appointed by the Company.

If a successor Trustee with respect to the Notes does not take office within 60 days after the retiring Trustee resigns or is removed, the retiring Trustee (at the Company's expense), the Company or the Controlling Party may petition any court of competent jurisdiction for the appointment of a successor Trustee.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Company. Immediately after that, the retiring Trustee shall transfer all property held by it as Trustee to the successor Trustee subject to the lien provided for in Section 7.06, the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee with respect to the Notes for which it is acting as Trustee under this Indenture. A successor Trustee shall mail a notice of its succession to each Holder of the Notes. Notwithstanding replacement of the Trustee pursuant to this Section 7.07, the Company's obligations under Section 7.06 hereof shall continue for the benefit of the retiring Trustee with respect to expenses and liabilities incurred by it for actions taken or omitted to be taken in accordance with its rights, powers and duties under this Indenture prior to such replacement.

Section 7.08 *Successor Trustee or Collateral Agent by Merger, etc.*

If the Trustee or Collateral Agent consolidates with, merges or converts into, or transfers all or substantially all of its corporate trust business to, another corporation, the successor corporation without any further act shall be the successor Trustee or Collateral Agent, as applicable, subject to Section 7.09.

Section 7.09 *Eligibility; Disqualification*.

There will at all times be a Trustee hereunder that is a corporation organized and doing business under the laws of the United States of America or of any state thereof that is authorized under such laws to exercise corporate trustee power, that is subject to supervision or examination by federal or state authorities and that has a combined capital and surplus of at least $100.0 million as set forth in its most recent published annual report of condition.

Section 7.10 *Limitation on Duty of Trustee in Respect of Collateral.*

(a) Beyond the exercise of reasonable care in the custody thereof, the Trustee shall have no duty as to any Collateral in its possession or control or in the possession or control of any agent or bailee or any income thereon or as to preservation of rights against prior parties or any other rights pertaining thereto and the Trustee shall not be responsible for filing any financing or continuation statements or recording any documents or instruments in any public office at any time or times or otherwise perfecting or maintaining the perfection of any security interest in the Collateral. The Trustee shall be deemed to have exercised reasonable care in the custody of the Collateral in its possession if the Collateral is accorded treatment substantially equal to that which it accords its own property and shall not be liable or responsible for any loss or diminution in the value of any of the Collateral, by reason of the act or omission of any carrier, forwarding agency or other agent or bailee selected by the Trustee in good faith.

(b) The Trustee shall not be responsible for the existence, genuineness or value of any of the Collateral or for the validity, perfection, priority or enforceability of the Liens in any of the Collateral, for the validity or sufficiency of the Collateral or any agreement or assignment contained therein, for the validity of the title of the Company to the Collateral, for insuring the Collateral or for the payment of taxes, charges, assessments or Liens upon the Collateral or otherwise as to the maintenance of the Collateral. The Trustee shall have no duty to ascertain or inquire as to the performance or observance of any of the terms of this Indenture, the Collateral Documents or any other security documents by the Company, the Guarantors, or the Collateral Agent.

ARTICLE 8
SATISFACTION AND DISCHARGE; DEFEASANCE

Section 8.01 *Satisfaction and Discharge of Indenture*.

This Indenture shall cease to be of further effect (except as hereinafter provided in this Section 8.01), and the Trustee, at the expense of the Company, shall execute instruments acknowledging satisfaction and discharge of this Indenture, when

(a) either

(1) all Notes theretofore authenticated and delivered (other than Notes that have been destroyed, lost or stolen and that have been replaced or paid) have been delivered to the Trustee for cancellation; or

(2) all the Notes not theretofore delivered to the Trustee for cancellation

(a) have become due and payable, or

(b) will become due and payable at their Stated Maturity within one year, or

(c) have been called for redemption or are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Company, or

(d) are deemed paid and discharged pursuant to Section 8.03, as applicable;

and the Company, in the case of (a), (b) or (c) above, has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust an amount of money or Government Securities sufficient for the purpose of paying and discharging the entire indebtedness on the Notes not theretofore delivered to the Trustee for cancellation, for principal of, the Applicable Premium and interest to the date of such deposit (in the case of Notes which have become due and payable on or prior to the date of such deposit) or to the Stated Maturity or redemption date, as the case may be;

(b) the Company has paid or caused to be paid all other sums payable hereunder by the Company; and

(c) the Company has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture have been complied with.

Notwithstanding the satisfaction and discharge of this Indenture, the obligations of the Company to the Trustee under Section 7.06, and, if money shall have been deposited with the Trustee pursuant to clause (a) of this Section, the provisions of Sections 2.03, 2.06, 2.07, 8.02 and 8.05 shall survive.

Section 8.02 *Application of Trust Funds; Indemnification.*

(a) Subject to the provisions of Section 8.05, all money or Government Securities deposited with the Trustee pursuant to Section 8.01, all money and Government Securities deposited with the Trustee pursuant to Section 8.03 or 8.04 and all money received by the Trustee in respect of Government Securities deposited with the Trustee pursuant to Section 8.03 or 8.04, shall be held in trust and applied by it, in accordance with the provisions of the Notes and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as its own Paying Agent) as the Trustee may determine, to the persons entitled thereto, of the principal and interest for whose payment such money has been deposited with or received by the Trustee or to

make mandatory sinking fund payments or analogous payments as contemplated by Section 8.03 or 8.04.

(b) The Company shall pay and shall indemnify the Trustee against any tax, fee or other charge imposed on or assessed against Government Securities deposited pursuant to Section 8.03 or 8.04 or the interest and principal received in respect of such obligations other than any payable by or on behalf of Holders.

(c) The Trustee shall deliver or pay to the Company from time to time upon the Company's request any Government Securities or money held by it as provided in Sections 8.03 or 8.04 which, in the opinion of a nationally recognized firm of independent certified public accountants expressed in a written certification thereof delivered to the Trustee, are then in excess of the amount thereof which then would have been required to be deposited for the purpose for which such Government Securities or money were deposited or received. This provision shall not authorize the sale by the Trustee of any Government Securities held under this Indenture.

Section 8.03 *Legal Defeasance of Notes*.

The Company shall be deemed to have paid and discharged the entire indebtedness on all the outstanding Notes on the 91st day after the date of the deposit referred to in subparagraph (c)(1) hereof, and the provisions of this Indenture, as it relates to the Notes, shall no longer be in effect (and the Trustee, at the expense of the Company, shall, upon receipt of direction from the Company, execute instruments acknowledging the same), except as to:

(a) the rights of Holders of Notes to receive, from the trust funds described in subparagraph (c)(1) hereof, payment of the principal of and interest on the outstanding Notes on the Stated Maturity of such principal or interest;

(b) the provisions of Sections 2.03, 2.06, 2.07, 8.02, 8.03 and 8.05; and

(c) the rights, powers, trust and immunities of the Trustee hereunder and the Company's obligations in connection therewith;

provided that, the following conditions shall have been satisfied:

(1) the Company shall have irrevocably deposited or caused to be irrevocably deposited (except as provided in Section 8.02(c)) with the Trustee as trust funds in trust for the purpose of making the following payments, specifically pledged as security for, and dedicated solely to, the benefit of the Holders of Notes, cash in U.S. dollars and/or Government Securities, which through the payment of interest and principal in respect thereof in accordance with their terms will provide (and without reinvestment and assuming no tax liability will be imposed on such Trustee), not later than one day before the due date of any payment of money, an amount in cash, sufficient, in the opinion of a nationally recognized independent registered accounting firm expressed in a written certification thereof delivered to the Trustee, to pay and discharge each installment of principal of, the Applicable Premium and interest, if any, on the Notes on the dates such installments of interest or principal are due;

(2) the Company shall have delivered an Officer's Certificate and an Opinion of Counsel to the Trustee to the effect that (i) the Company has received from, or there has been published by, the Internal Revenue Service a ruling, or (ii) since the date of execution of this Indenture, there has been a change in the applicable Federal income tax law, in either case to the effect that, and based thereon such Opinion of Counsel shall confirm that, the Holders of Notes will not recognize income, gain or loss for Federal income tax purposes as a result of such deposit, defeasance and discharge and will be subject to Federal income tax on the same amount and in the same manner and at the same times as would have been the case if such deposit, defeasance and discharge had not occurred;

(3) no Event of Default shall have occurred and be continuing either: (x) on the date of such deposit (other than an Event of Default resulting from the borrowing of funds to be applied to such deposit); or (y) with respect to Events of Default described in Section 6.01(6) and Section 6.01(7) or other bankruptcy, insolvency or reorganization-related Events of Default, at any time in the period ending on the 91st day after the date of deposit;

(4) such defeasance will not result in a breach or violation of, or constitute a default under, this Indenture or any other agreement or instrument to which the Company is a party or by which it is bound;

(5) the Company shall have delivered to the Trustee an Officer's Certificate stating that the deposit was not made by the Company with the intent of preferring the Holders of the Notes over any other creditors of the Company or with the intent of defeating, hindering, delaying or defrauding any other creditors of the Company or others; and

(6) the Company shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent provided for relating to the defeasance contemplated by this Section have been complied with,

(the foregoing being referred to as "*Legal Defeasance*").

Section 8.04 *Covenant Defeasance*.

The Company may omit to comply with respect to the Notes with any term, provision or condition set forth under Sections 4.03, 4.07, 4.08, 4.10, 4.11, 4.12, 4.13, 4.14, 4.15, 4.16, 4.17, 4.18, and 5.01 as well as any additional covenants specified in a supplemental indenture for the Notes (and the failure to comply with any such covenants shall not constitute a Default or Event of Default with respect to the Notes under Section 6.01) and the occurrence of any event specified in a supplemental indenture for the Notes and designated as an Event of Default shall not constitute a Default or Event of Default hereunder, with respect to the Notes, *provided* that the following conditions shall have been satisfied:

(a) With reference to this Section 8.04, the Company has irrevocably deposited or caused to be irrevocably deposited (except as provided in Section 8.02(c)) with the Trustee as trust funds in trust for the purpose of making the following payments specifically pledged as security for, and dedicated solely to, the benefit of the Holders of the Notes, cash in U.S. dollars and/or Government Securities, which through the payment of interest and principal in respect thereof in accordance with

their terms, will provide (and without reinvestment and assuming no tax liability will be imposed on such Trustee), not later than one day before the due date of any payment of money, an amount in cash, sufficient, in the opinion of a nationally recognized independent registered public accounting firm expressed in a written certification thereof delivered to the Trustee, to pay and discharge each installment of principal of, the Applicable Premium and interest, if any, on the Notes on the dates such installments of interest or principal are due;

(b) The Company shall have delivered to the Trustee an Opinion of Counsel to the effect that Holders of the Notes will not recognize income, gain or loss for Federal income tax purposes as a result of such deposit and covenant defeasance and will be subject to Federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such deposit and covenant defeasance had not occurred;

(c) No Event of Default shall have occurred and be continuing either: (x) on the date of such deposit (other than an Event of Default resulting from the borrowing of funds to be applied to such deposit); or (y) with respect to Events of Default described in Section 6.01(6) and Section 6.01(7) or other bankruptcy, insolvency or reorganization-related Events of Default, at any time in the period ending on the 91st day after the date of deposit;

(d) Such covenant defeasance will not result in a breach or violation of, or constitute a default under, this Indenture or any other agreement or instrument to which the Company is a party or by which it is bound;

(e) The Company shall have delivered to the Trustee an Officer's Certificate stating the deposit was not made by the Company with the intent of preferring the Holders of the Notes over any other creditors of the Company or with the intent of defeating, hindering, delaying or defrauding any other creditors of the Company or others; and

(f) The Company shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent herein provided for relating to the covenant defeasance contemplated by this Section 8.04 have been complied with,

(the foregoing being referred to as "*Covenant Defeasance*").

Upon a satisfaction and discharge or defeasance pursuant to Article 8 of this Indenture, the Collateral Agent will cease to be a party to the Collateral Documents on behalf of the holders of the Notes and the Collateral will no longer secure the Notes.

Section 8.05 *Repayment to Company*.

Subject to applicable abandoned property law, the Trustee and the Paying Agent shall pay to the Company upon request any money held by them for the payment of principal, the Applicable Premium and interest that remains unclaimed for two years. After that, Holders of Notes entitled to the money must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

Section 8.06 *Reinstatement*.

If the Trustee or the Paying Agent is unable to apply any money deposited with respect to Holders of Notes in accordance with Section 8.01 by reason of any legal proceeding or by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the Note Obligations shall be revived and reinstated as though no deposit had occurred pursuant to Section 8.01 until such time as the Trustee or the Paying Agent is permitted to apply all such money in accordance with Section 8.01; *provided*, *however*, that if the Company has made any payment of principal of, the Applicable Premium or interest on the Notes because of the reinstatement of the Note Obligations, the Company shall be subrogated to the rights of the Holders of the Notes to receive such payment from the money or Government Securities held by the Trustee or Paying Agent after payment in full to the Holders.

ARTICLE 9
AMENDMENT, SUPPLEMENT AND WAIVER

Section 9.01 *Without Consent of Holders of Notes*.

The Company, the Guarantors and the Trustee and the Collateral Agent, as applicable, may amend or supplement this Indenture or the Collateral Documents as they apply to the Notes without the consent of any Holder:

(a) to evidence the succession of another Person to the Company or the Parent pursuant to Section 5.01 and the assumption by such successor of the Company's or the Parent's covenants, agreements and obligations under this Indenture and with respect to the Notes;

(b) to surrender any right or power conferred upon the Company or the Parent;

(c) to add to the covenants such further covenants, restrictions, conditions or provisions for the protection of the Holders of the Notes, and to add any additional Events of Default for the Notes for the benefit of the Holders of the Notes; *provided*, *however*, that with respect to any such additional covenant, restriction, condition or provision, such amendment may provide for a period of grace after Default, which may be shorter or longer than that allowed in the case of other Defaults, may provide for an immediate enforcement upon such Default or may limit the right of Controlling Party, the Applicable Holders or the Holders of a majority in aggregate principal amount of the Notes to waive such Default;

(d) to cure any ambiguity or correct or supplement any provision contained in this Indenture, the Collateral Documents, in any supplemental indenture, Officer's Certificate or in the Notes that may be defective or inconsistent with any other provision contained herein or therein;

(e) to convey, transfer, assign, mortgage or pledge any property to or with the Collateral Agent, or to make such other provisions in regard to matters or questions arising under this Indenture as shall not adversely affect the interests of any Holder of the Notes;

(f) to modify or amend this Indenture in such a manner as to permit the qualification of this Indenture or any supplemental indenture under the TIA as then in effect;

(g) to add to or change any provisions of this Indenture to such extent as necessary to permit or facilitate the issuance of the Notes in bearer or uncertificated form, *provided* that any such action shall not adversely affect the interests of any Holder of the Notes in any material respect;

(h) [Reserved];

(i) to provide additional security for the Notes;

(j) to provide additional guarantees for the Notes;

(k) to make changes of a technical or conforming nature to any Collateral Document, in each case in connection with (i) the incurrence of Indebtedness (including secured Indebtedness) or other obligations permitted to be incurred in accordance with Section 4.08 and 4.12 herein, (ii) any Disposition or release of Collateral permitted in accordance with Section 4.15 herein or (iii) any addition of new Collateral.

(l) to make any change that does not adversely affect the rights of any Holder of the Notes;

(m) to evidence and provide for the acceptance of appointment of a separate or successor trustee or collateral agent and to add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of this Indenture by more than one trustee or collateral agent; or

(n) to change the final scheduled maturity date of the Notes (and the "Maturity Date") to an earlier date, as specified in clause (6) of the definition of "Permitted Pari Passu Debt", in connection with the incurrence of any Permitted Pari Passu Debt.

Prior to the Disposition Date, the consent of the Controlling Party (not to be unreasonably withheld, conditioned or delayed) shall be required for the Company, any Guarantor, the Trustee or the Collateral Agent to amend or supplement this Indenture or the Collateral Documents as they apply to the Notes if such amendment or supplement is for any purposes set forth in clause (d) or (k) above.

In addition, the Collateral Documents may be amended in accordance with (i) Article 11 hereof, (ii) Section 7.04(b) of the LGA/DCA Intercreditor Agreement (or the corresponding provisions of any comparable intercreditor agreement entered into pursuant to Section 11.03 hereof) and (iii) with respect to any other Collateral Document, as expressly provided in such Collateral Document.

Section 9.02 *With Consent of Holders of Notes*.

The Company and the Trustee and the Collateral Agent, as applicable, may enter into (or provide any applicable consent to) a supplemental indenture or amend or supplement the Collateral Documents as they apply to the Notes with the written consent of the Controlling Party (including consents obtained in connection with a tender offer or exchange offer for the Notes) for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of a Collateral Document, this Indenture or of any supplemental indenture or of modifying in any manner

the rights of the Notes. Except as provided in Section 6.13, the Controlling Party by notice to the Trustee (including consents obtained in connection with a tender offer or exchange offer for Notes) may waive compliance by the Company with any provision of this Indenture or the Notes.

However, without the consent of each Holder of an affected Note, an amendment may not:

(a) make any change to the percentage of principal amount of Notes the Holders of which must consent to an amendment or waiver;

(b) reduce the principal amount of, the Applicable Premium or interest (including PIK Interest) on, or extend the Stated Maturity or interest payment periods, of the Notes;

(c) make the Notes of such Holder payable in money, securities or currency other than that as stated in the Notes;

(d) make any change that adversely affects such Holder's right to require the Company to purchase the Notes of such Holder in accordance with the terms of this Indenture;

(e) impair the right of such Holder to institute suit for the enforcement of any payment with respect to the Notes;

(f) except pursuant to the provisions of Article 8 hereto or in connection with a consolidation, merger or conveyance, transfer or lease of assets pursuant to Section 5.01 of this Indenture, release the Parent from its obligations under its Note Guarantee or make any change in any Note Guarantee that would adversely affect such Holder;

(g) make any change to or modify the ranking of, or the priority of the Liens securing, the Notes that would adversely affect the Holders;

(h) expressly subordinate the Notes or any Note Guarantee in right of payment to any other Indebtedness of the Company or any Guarantor (other than in accordance with the express terms of this Indenture); or

(i) modify any of the foregoing provisions of this Section 9.02.

Any amendment to, or waiver of, the provisions of this Indenture or any Collateral Document that has the effect of releasing all or substantially all of the Collateral from the Liens securing the Notes (other than in compliance with Section 11.05 of this Indenture) will require the consent of holders of at least 75% in aggregate principal amount of notes then outstanding.

It shall not be necessary for the consent of the Holders of Notes under this Section 9.02 to approve the particular form of any proposed amendment, supplemental indenture or waiver, but it shall be sufficient if such consent approves the substance thereof. After an amendment, supplemental indenture or waiver under Section 9.01 or this Section 9.02 becomes effective, the Company shall mail to the Holders of Notes, a notice briefly describing the supplemental indenture or waiver. Any failure by the Company to mail or publish such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental indenture or waiver.

Section 9.03 *Revocation and Effect of Consents*.

Until an amendment is set forth in a supplemental indenture or a waiver becomes effective, a consent to it by a Holder of the Notes is a continuing consent by the Holder and every subsequent Holder the Notes or portion of a Note that evidences the same debt as the consenting Holder's Notes, even if notation of the consent is not made on any Notes. However, any such Holder or subsequent Holder may revoke the consent as to his Notes or portion of a Note if the Trustee receives the notice of revocation before the date of the supplemental indenture or the date the waiver becomes effective.

Any amendment or waiver once effective shall bind every Holder of the Notes affected by such amendment or waiver unless it is of the type set forth in any of clauses (a) through (h) of Section 9.02. In that case, the amendment or waiver shall bind each Holder of the Notes who has consented to it and every subsequent Holder of the Notes or portion of a Notes that evidences the same debt as the consenting Holder of the Notes.

The Company may, but shall not be obligated to, fix a record date for the purpose of determining the Holders entitled to give their consent or take any other action described above or required or permitted to be taken pursuant to this Indenture. If a record date is fixed, then notwithstanding the immediately preceding paragraph, those Persons who were Holders at such record date (or their duly designated proxies), and only those persons, shall be entitled to give such consent or to revoke any consent previously given or take any such action, whether or not such Persons continue to be Holders after such record date. No such consent shall be valid or effective for more than 120 days after such record date.

Section 9.04 *Notation on or Exchange of Notes*.

The Company or the Trustee may place an appropriate notation about an amendment or waiver on the Notes thereafter authenticated. The Company in exchange for Notes may issue and the Trustee shall authenticate upon request new Notes that reflect the amendment or waiver.

Section 9.05 *Trustee Protected*.

In executing, consenting to or accepting the additional trusts created by, any supplemental indenture permitted by this Article or the modifications thereby of the trusts created by this Indenture or the Collateral Documents, as applicable, the Trustee and the Collateral Agent, as applicable, shall be entitled to receive, and (subject to Section 7.01) shall be fully protected in relying upon, an Officer's Certificate or an Opinion of Counsel or both complying with Section 12.02. The Trustee or Collateral Agent, as applicable, shall sign all amendments supplemental indentures upon delivery of such an Officer's Certificate or Opinion of Counsel or both, except that the Trustee or the Collateral Agent, as applicable, need not sign any supplemental indenture that adversely affects its rights, obligations, indemnities or immunities.

ARTICLE 5
NOTE GUARANTEES

Section 10.01 *Note Guarantees.*

(a) Subject to the provisions of this Article 10, each Guarantor hereby fully, unconditionally and irrevocably guarantees, as primary obligor and not merely as surety, on a joint and several basis, to each Holder of the Notes, the Collateral Agent and the Trustee, the due and punctual payment of the Note Obligations. Each Guarantor agrees that the Note Obligations will rank equally in right of payment with other Indebtedness of such Guarantor, except to the extent such other Indebtedness is subordinate to the Note Obligations, in which case the obligations of the Guarantors under the Note Guarantees will rank senior in right of payment to such other Indebtedness, and except for claims of creditors that are mandatorily preferred by law, in which case the obligations of the Guarantors under the Note Guarantees will rank junior in right of payment to such claims.

(b) To evidence its Note Guarantee set forth in this Section 10.01, each Guarantor hereby agrees that this Indenture (or a supplement thereto, substantially in the form attached as Exhibit F hereto) and, in the case of additional Guarantors added pursuant to Section 4.19 or 9.01(j) hereof, a supplement to the Note Guarantee, substantially in the form attached as Exhibit E hereto shall be executed on behalf of such Guarantor by an Officer of such Guarantor.

(c) Each Guarantor hereby agrees that its Note Guarantee set forth in this Section 10.01 hereof shall remain in full force and effect notwithstanding the absence of the endorsement of any notation of such Note Guarantee on the Notes.

(d) If an Officer whose signature is on this Indenture (or a supplement thereto) or any notation of Guarantee no longer holds that office at the time the Trustee authenticates a Note, the Note Guarantee of such Note shall be valid nevertheless.

(e) Each Guarantor further agrees (to the extent permitted by law) that the Note Obligations may be extended or renewed, in whole or in part, without notice or further assent from it, and that it will remain bound under this Section 10.01 notwithstanding any extension or renewal of any Note Obligation.

(f) Each Guarantor waives presentation to, demand of payment from and protest to the Company of any of the Note Obligations and also waives notice of protest for nonpayment. Each Guarantor waives notice of any default under the Notes or the Note Obligations.

(g) Each Guarantor further agrees that its Note Guarantee herein constitutes a guarantee of payment when due (and not a guarantee of collection) and waives any right to require that any resort be had by any Holder to any security held for payment of the Note Obligations.

(h) Except as set forth in Section 10.04, the obligations of each Guarantor hereunder shall not be subject to any reduction, limitation, impairment or termination for any reason (other than payment of the Note Obligations in full), including any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to any defense of setoff, counterclaim, recoupment or termination whatsoever or by reason of the invalidity, illegality or unenforceability of the Note Obligations or otherwise. Without limiting the generality of the foregoing, the Note Obligations of each Guarantor herein shall not be discharged or impaired or otherwise affected by (a) the failure of any Holder to assert any claim or demand or to enforce any right or remedy against the Company or any other person under this Indenture, the Notes or any other agreement or otherwise; (b) in case of

any extension of time of payment or renewal of any Notes or any of such other obligations, that the same will be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at Stated Maturity, by acceleration or otherwise; (c) any rescission, waiver, amendment or modification of any of the terms or provisions of this Indenture, the Notes or any other agreement; (d) the release of any security held by any Holder for the Note Obligations; (e) the failure of any Holder to exercise any right or remedy against any other Guarantor; (f) any change in the ownership of the Company; (g) any default, failure or delay, willful or otherwise, in the performance of the Note Obligations or (h) 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 any Guarantor or would otherwise operate as a discharge of such Guarantor as a matter of law or equity.

(i) Each Guarantor agrees that its Note Guarantee herein shall remain in full force and effect until payment in full of all the Note Obligations or such Guarantor is released from its Note Guarantee in compliance with Section 5.01, Section 8.01 or Section 10.05 hereof. Each Guarantor further agrees that its Note Guarantee herein shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of principal of, the Applicable Premium or interest on any of the Note Obligations is rescinded or must otherwise be restored by any Holder upon the bankruptcy or reorganization of the Company or otherwise.

(j) In furtherance of the foregoing and not in limitation of any other right which any Holder has at law or in equity against any Guarantor by virtue hereof, upon the failure of the Company to pay any of the Note Obligations when and as the same shall become due, whether at maturity, by acceleration, by redemption or otherwise, each Guarantor hereby promises to and will, upon receipt of written demand by the Trustee, forthwith pay, or cause to be paid, in cash, to the Holders, the Collateral Agent or the Trustee on behalf of the Holders an amount equal to the sum of (i) the unpaid amount of such Note Obligations then due and owing and (ii) accrued and unpaid interest on such Note Obligations then due and owing (but only to the extent not prohibited by law) (including interest accruing after the filing of any petition in bankruptcy or the commencement of any insolvency, reorganization or like proceeding relating to the Company or any Guarantor whether or not a claim for postfiling or post-petition interest is allowed in such proceeding).

(k) Each Guarantor further agrees that, as between such Guarantor, on the one hand, and the Holders, on the other hand, (x) the maturity of the Note Obligations guaranteed hereby may be accelerated as provided in this Indenture for the purposes of its Note Guarantee herein, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the Note Obligations guaranteed hereby and (y) in the event of any such declaration of acceleration of such Note Obligations, such Note Obligations (whether or not due and payable) shall forthwith become due and payable by such Guarantor for the purposes of this Note Guarantee.

(l) Each Guarantor also agrees to pay any and all fees, costs and expenses (including attorneys' fees and expenses) incurred by the Trustee, the Collateral Agent or the Holders in enforcing any rights under this Section 10.01.

(m) Any Guarantor may, but shall not be required to be, a Grantor in accordance with Section 11.04.

Section 10.02 *Right of Contribution*.

Each Guarantor hereby agrees that to the extent that any Guarantor shall have paid more than its proportionate share of any payment made on the obligations under the Note Guarantees, such Guarantor shall be entitled to seek and receive contribution from and against the Company or any other Guarantor who has not paid its proportionate share of such payment. The provisions of this Section 10.02 shall in no respect limit the obligations and liabilities of each Guarantor to the Trustee, the Collateral Agent and the Holders and each Guarantor shall remain liable to the Trustee, the Collateral Agent and the Holders for the full amount guaranteed by such Guarantor hereunder.

Section 10.03 *No Subrogation*.

Notwithstanding any payment or payments made by any Guarantor hereunder, no Guarantor shall be entitled to be subrogated to any of the rights of the Trustee, the Collateral Agent or any Holder against the Company or any other Guarantor or any collateral security or guarantee or right of offset held by the Trustee, the Collateral Agent or any Holder for the payment of the Note Obligations, nor shall any Guarantor seek or be entitled to seek any contribution or reimbursement from the Company or any other Guarantor in respect of payments made by such Guarantor hereunder, until all amounts owing to the Trustee, the Collateral Agent and the Holders by the Company on account of the Note Obligations are paid in full. If any amount shall be paid to any Guarantor on account of such subrogation rights at any time when all of the Note Obligations shall not have been paid in full, such amount shall be held by such Guarantor in trust for the Trustee, the Collateral Agent and the Holders, segregated from other funds of such Guarantor, and shall, forthwith upon receipt by such Guarantor, be turned over to the Trustee in the exact form received by such Guarantor (duly indorsed by such Guarantor to the Trustee, if required), to be applied against the Note Obligations.

Section 10.04 *Limitation of Guarantor's Liability*.

Each Guarantor and, by its acceptance of a Note, each Holder of a Note hereby confirms that it is the intention of all such parties that in no event shall any Note Obligations under the Note Guarantees constitute or result in a fraudulent transfer or conveyance for purposes of, or result in a violation of, any United States federal, or applicable United States state, fraudulent transfer or conveyance or similar law. To effectuate the foregoing intention, in the event that the Note Obligations, if any, in respect of the Notes would, but for this sentence, constitute or result in such a fraudulent transfer or conveyance or violation, then the liability of the applicable Guarantor under its Note Guarantee in respect of the Notes shall be reduced to the extent necessary to eliminate such fraudulent transfer or conveyance or violation under the applicable fraudulent transfer or conveyance or similar law.

Section 10.05 *Releases*.

(a) In the event of any sale or other disposition of all or substantially all of the assets of any Guarantor (other than the Parent), by way of merger, consolidation or otherwise, or a sale or other disposition of all Capital Stock of any Guarantor (other than the Parent), in each case to a Person that is not (either before or after giving effect to such transactions) the Parent or a Restricted Subsidiary of the Parent or the merger or consolidation of a Guarantor (other than the Parent) with or

into the Company or another Guarantor, in each case, in a transaction permitted under this Indenture, 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 Note Guarantee; *provided* that (i) such disposition and release is permitted by Section 4.15 (other than Section 4.15(d)) and (ii) immediately after giving effect to such disposition and release, the Company and the Grantors are in compliance with Section 4.15(c).

(b) Upon designation of any Guarantor (other than the Parent) as an Unrestricted Subsidiary in accordance with the terms of this Indenture, such Guarantor will be automatically released and relieved of any obligations under its Note Guarantee.

(c) Upon the request of the Company, the guarantee of any Guarantor (other than the Parent) 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, (ii) the Company shall have delivered an Officer's Certificate certifying that such Subsidiary is an Immaterial Subsidiary, a Receivables Subsidiary or an Excluded Subsidiary, as applicable, and (iii) immediately after giving effect to such disposition and release, the Company and the Grantors shall be in compliance with Section 4.15(c); *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 (c), be considered an Immaterial Subsidiary so long as any applicable guarantee, pledge or other obligation of such Subsidiary with respect to any Priority Lien Debt or any Indebtedness secured by Junior Liens on the LGA/DCA Collateral shall be irrevocably released and discharged substantially simultaneously with the release of such guarantee hereunder.

(d) Each Guarantor will be automatically released and relieved of any obligations under its Note Guarantee upon a Legal Defeasance or Covenant Defeasance of the Notes in accordance with Article 8 hereof or upon the satisfaction and discharge of this Indenture in accordance with Article 8 hereof.

ARTICLE 11
COLLATERAL AND SECURITY

Section 11.01 *Security Interest.*

The due and punctual payment of the Note Obligations are secured as provided in the Collateral Documents.

Section 11.02 *Intercreditor Agreements; Authorization of Collateral Documents.*

This Article 11 and the provisions of each Collateral Document are subject to the terms, conditions and benefits set forth in the LGA/DCA Intercreditor Agreement, any IP Intercreditor Agreement, any Other Junior Lien Intercreditor Agreement or any other intercreditor agreement entered into in accordance with Section 11.03 and the other applicable provisions of this Indenture. Each of the parties hereto consents to, and agrees to be bound by, the terms of each such

intercreditor agreement, as the same may be in effect from time to time, and to perform its obligations thereunder in accordance with the terms therewith. The Trustee, the Parent and the Company hereby acknowledge and agree that the Collateral Agent holds the Collateral as agent for the benefit of the Secured Parties, in each case pursuant and subject to the terms of this Indenture, the LGA/DCA Intercreditor Agreement, any IP Intercreditor Agreement, any Other Junior Lien Intercreditor Agreement and the other Collateral Documents (including any other security documents, intercreditor agreements or collateral trust agreement entered into after the date hereof in accordance with Section 11.03). Each Holder, by its acceptance of a Note, authorizes and appoints (and authorizes the Trustee to authorize and appoint) Wilmington Trust, National Association, as the Collateral Agent, and the Trustee hereby authorizes and appoints Wilmington Trust, National Association as Collateral Agent. In addition, each Holder, by its acceptance of a Note, consents and agrees to the terms of (and to be bound by) the IP Intercreditor Agreement, the LGA/DCA Intercreditor Agreement, any Other Junior Lien Intercreditor Agreement, the IP Security Agreement, each security agreement, and such other Collateral Documents (including such other security documents, mortgages, intercreditor agreements or collateral trust agreements entered into after the date hereof in accordance with Section 11.03), in each case as the same may be in effect or may be amended, supplemented, waived or otherwise modified from time to time in accordance with their terms and the terms of this Indenture, and authorizes and directs the Trustee and the Collateral Agent, as applicable, to enter into each such document and to perform its obligations and exercise its rights thereunder, together with such actions and powers as are reasonably incidental thereto, in accordance therewith (including the provisions of the Collateral Documents providing for the possession, use, release and foreclosure of Collateral and the ranking, priority, enforcement and release of Liens). The Company will deliver an Officer's Certificate and Opinion of Counsel to the Trustee and/or the Collateral Agent, as applicable, prior to the Trustee and/or the Collateral Agent, as the case may be, taking any action pursuant to this Section 11.02.

Section 11.03 *Additional Collateral Documents.*

In connection with any incurrence after the Closing Date of Indebtedness secured by a Lien on any Collateral, which Indebtedness and Lien are permitted by Section 4.08 and Section 4.12 and which Indebtedness and Lien are expressly permitted or required by this Indenture to be subject to an intercreditor agreement (including any Indebtedness secured by (i) a Pari Passu Lien, (ii) a Junior Lien or (iii) a Priority Lien, to the extent permitted by Section 4.08 and Section 4.12), the Company may direct the Collateral Agent to enter into an intercreditor agreement (or an amendment or amendment and restatement or replacement of any prior intercreditor agreement) with the administrative agent, trustee, collateral agent or other party acting as agent for such Indebtedness, which intercreditor agreement (or amendment or amendment and restatement or replacement) meets the applicable requirements of this Indenture in order to implement the applicable security and intercreditor arrangements relating to such Indebtedness. In addition, in connection with any pledge of, or grant of a security interest in, any additional collateral for the benefit of the Notes (including, without limitation, any Additional Collateral), the Company may direct the Collateral Agent to enter into such additional security documents (or amendments or amendment and restatements of existing security documents), in the Company's customary form for the applicable collateral (as determined by the Company in its discretion, unless the applicable requirements of this Indenture expressly provide otherwise), as are necessary or desirable to effect such pledge or grant. The Company will deliver an Officer's Certificate and Opinion of Counsel to the Trustee and/or the Collateral Agent, as

applicable, prior to the Trustee and/or the Collateral Agent, as the case may be, taking any action pursuant to this Section 11.03.

Section 11.04 *Additional Grantors*

At any time and from time to time, the Parent or any other Subsidiary (other than the Company) may, but (except as otherwise provided in this Indenture or any Collateral Document) shall not be required to, provide additional collateral for the benefit of the Notes. In such event, the Parent or such Subsidiary shall execute a supplement indenture hereto, and shall thereafter be a "Grantor" (or comparable term) for all purposes under the Collateral Documents. An additional Grantor pursuant to this Section 11.04 may, but (except as otherwise provided in this Indenture) shall not be required to, guarantee the Notes. For avoidance of doubt, as of the date of this Indenture, the Parent is not a Grantor, and all of the Parent's obligations under this Indenture and its guarantee of the Notes are general senior unsecured obligations of the Parent.

Section 11.05 *Release of Liens in Respect of the Notes.*

The Collateral Agent's Liens upon the Collateral will no longer secure the Notes outstanding under this Indenture or any Note Obligations, and the right of the Holders of Notes and such Note Obligations to the benefits and proceeds of the Collateral Agent's Liens on the Collateral will automatically terminate and be discharged:

(a) upon satisfaction and discharge of this Indenture in accordance with Article 8 hereof;

(b) upon a Legal Defeasance or Covenant Defeasance of the Notes in accordance with Article 8 hereof;

(c) upon payment in full and discharge of all Notes outstanding under this Indenture and all Note Obligations that are outstanding, due and payable at the time the Notes are paid in full and discharged;

(d) in whole or in part, with the consent of the Holders of the requisite percentage of Notes in accordance with Article 9 hereof;

(e) solely with respect to any Grantor, upon any disposition of 50% or more of the Capital Stock of such Grantor such that it is no longer a Restricted Subsidiary to the extent not prohibited by the terms of this Indenture; *provided* that (i) such disposition is permitted by Section 4.15 (other than Section 4.15(d)) and (ii) immediately after giving effect to such disposition, the Company and the Grantors are in compliance with Section 4.15(c);

(f) solely with respect to any Collateral, upon any Disposition of such Collateral to any Person that is not the Parent or a Restricted Subsidiary; *provided* that (i) such disposition is permitted by Section 4.15 (other than Section 4.15(d)) and (ii) immediately after giving effect to such disposition, the Company and the Guarantors are in compliance with Section 4.15(c); or

(g) solely with respect to any LGA/DCA Collateral, to the extent expressly permitted or required pursuant to the applicable LGA/DCA Security Agreements.

In addition, the Collateral Agent's Liens on the Collateral will be released (a) upon the terms and subject to the conditions set forth in Section 2.04(b) of the LGA/DCA Intercreditor Agreement (or the comparable provisions of any other intercreditor agreement entered into pursuant to Section 11.03 hereof) and (b) in the case of any LGA/DCA Collateral, to the extent permitted pursuant to Section 4.15(a).

If in connection with any release permitted pursuant to this Section 11.05, the Company may request that the Collateral Agent execute and deliver (or otherwise authorize the filing of) any document or instrument evidencing such release, and, upon the request of the Company, the Collateral Agent shall execute and deliver (or otherwise authorize the filing of) any such document or instrument evidencing such release prepared by and at the expense of the Company upon receipt of an Officer's Certificate and Opinion of Counsel stating that all covenants and conditions precedent under this Indenture and applicable Collateral Documents have been complied with.

ARTICLE 12
MISCELLANEOUS

Section 12.01 *Notices*.

Any notice or communication by the Company, any Guarantor, the Trustee or the Collateral Agent to the others is duly given if in writing and delivered in Person or by first class mail (registered or certified, return receipt requested), facsimile or email transmission or overnight air courier guaranteeing next day delivery, to the others' address:

If to the Company and/or any Guarantor:

American Airlines Group Inc.
1 Skyview Drive
Fort Worth, TX 76155
Attention: Treasurer

with a copy to:

Latham & Watkins LLP
140 Scott Drive
Menlo Park, California
Attention: Anthony J. Richmond
Telephone: ###

and:

Latham & Watkins LLP
885 Third Avenue
New York, New York
Attention: Greg Rodgers
Telephone: ###

if to the Trustee or Collateral Agent:

Wilmington Trust, National Association
50 South Sixth Street, Suite 1290
Minneapolis, MN 55402
Attention: American Airlines, Inc., Administrator
Facsimile: ###

if to the GS Initial Purchasers:

c/o Goldman Sachs & Co. LLC
200 West Street
New York, New York 10282
Attention: Cleaver Sower (Tel: ###)
Patrick Armstrong (Tel: ###)
James Fair (Tel: ###)
Christine Anding (Tel: ###)

with a copy to:

Milbank LLP
55 Hudson Yards
New York, NY 10001
Attention: Rod Miller
Telephone: ###

provided, however, that any requirement under this Indenture to provide notice or any other information to the GS Purchasers shall be deemed satisfied upon delivery of such notice or other information by e-mail to ###, ###, ###, ### and ###.

The Company, any Guarantor, the GS Initial Purchasers, the Trustee or Collateral Agent, by notice to the others, may designate additional or different addresses for subsequent notices or communications.

Whenever this Indenture or any Collateral Document provides for any notice or communication to be delivered to the GS Purchasers or, prior to the Disposition Date, the Controlling Party, such notice or communication will be deemed to have been delivered to the GS Purchasers or Controlling Party, as applicable, if such notice or communication is delivered to the GS Initial Purchasers.

All notices and communications (other than those sent to Holders) will be deemed to have been duly given: at the time delivered by hand, if personally delivered; five Business Days after being deposited in the mail, postage prepaid, if mailed; when receipt acknowledged, if transmitted by facsimile or email; and the next Business Day after timely delivery to the courier, if sent by overnight air courier guaranteeing next day delivery.

Any notice or communication to a Holder will be mailed by first class mail, certified or registered, return receipt requested, or by overnight air courier guaranteeing next day delivery to its address shown on the register kept by the Registrar. Failure to mail a notice or communication to a Holder or any defect in it will not affect its sufficiency with respect to other Holders.

Notwithstanding anything to the contrary set forth herein, any notice or communication required to be given with respect to any Global Note will be sent to the Holder thereof pursuant to the Applicable Procedures.

If a notice or communication is mailed in the manner provided above within the time prescribed, it is duly given, whether or not the addressee receives it.

If the Company mails a notice or communication to Holders, it will mail a copy to the Trustee, the Collateral Agent and each Agent at the same time.

Section 12.02 *Certificate and Opinion as to Conditions Precedent.*

Upon any request or application by the Company to the Trustee to take any action under this Indenture, the Company shall furnish to the Trustee:

(1) an Officer's Certificate in form and substance reasonably satisfactory to the Trustee (which must include the statements set forth in Section 12.03 hereof) stating that, in the opinion of the signers, all conditions precedent and covenants, if any, provided for in this Indenture relating to the proposed action have been satisfied; and

(2) an Opinion of Counsel in form and substance reasonably satisfactory to the Trustee (which must include the statements set forth in Section 12.03 hereof) stating that, in the opinion of such counsel, all such conditions precedent and covenants have been satisfied (it being understood that no such Opinion of Counsel shall be required in connection with the initial execution of this Indenture or the initial issuance and authentication of the Notes hereunder).

Section 12.03 *Statements Required in Certificate or Opinion*.

Each certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture must include:

(1) a statement that the Person making such certificate or opinion has read such covenant or condition;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(3) a statement that, in the opinion of such Person, he or she has made such examination or investigation as is necessary to enable him or her to express an informed opinion as to whether or not such covenant or condition has been satisfied; and

(4) a statement as to whether or not, in the opinion of such Person, such condition or covenant has been satisfied.

Section 12.04 *Rules by Trustee and Agents*.

The Trustee may make reasonable rules for action by or at a meeting of Holders. The Registrar or Paying Agent may make reasonable rules and set reasonable requirements for its functions.

Section 12.05 *No Personal Liability of Directors, Officers, Employees and Stockholders*.

No director, officer, employee, incorporator or stockholder of the Company or any Guarantor, as such, will have any liability for any obligations of the Company or the Guarantors under the Notes, this Indenture, the Note Guarantees or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of the Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. The waiver may not be effective to waive liabilities under the federal securities laws.

Section 12.06 *Governing Law; Jurisdiction; Waiver of Jury Trial*.

THE INTERNAL LAW OF THE STATE OF NEW YORK SHALL GOVERN AND BE USED TO CONSTRUE THIS INDENTURE, THE NOTES AND THE NOTE GUARANTEES WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO THE EXTENT THAT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.

Any legal suit, action or proceeding arising out of or based upon this Indenture or the transactions contemplated hereby may be instituted in the federal courts of the United States of America located in the City of New York or the courts of the State of New York in each case located in the City of New York (collectively, the "*Specified Courts*"), and each party irrevocably submits to the non-exclusive jurisdiction of such courts in any such suit, action or proceeding. Service of any process, summons, notice or document by mail (to the extent allowed under any applicable statute or rule of court) to such party's address set forth above shall be effective service of process for any suit, action or other proceeding brought in any such court. The Company, the Trustee, the Collateral Agent and the Holders (by their acceptance of the Notes) each hereby irrevocably and unconditionally waive any objection to the laying of venue of any suit, action or other proceeding in the Specified Courts and irrevocably and unconditionally waive and agree not to plead or claim any such suit, action or other proceeding has been brought in an inconvenient forum.

The Company, the Trustee, the Collateral Agent and the Holders (by their acceptance of the Notes) each hereby irrevocably waive, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Indenture, the Notes or the transactions contemplated hereby or thereby.

Section 12.07 *No Adverse Interpretation of Other Agreements*.

This Indenture may not be used to interpret any other indenture, loan or debt agreement of the Company or its Subsidiaries or of any other Person. Any such indenture, loan or debt agreement

may not be used to interpret this Indenture. This Indenture and the exhibits hereto set forth the entire agreement and understanding of the parties related to this transaction and supersedes all prior agreements and understandings, oral or written.

Section 12.08 *Successors*.

All agreements of the Company in this Indenture and the Notes will bind its successors. All agreements of the Trustee and the Collateral Agent in this Indenture will bind its successors.

Section 12.09 *Severability*.

In case any provision in this Indenture or in the Notes is invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired thereby.

Section 12.10 *Counterparts; Electronic Signatures*.

The parties may sign any number of copies of this Indenture. Each signed copy will be an original, but all of them together represent the same agreement. Delivery of an executed counterpart of a signature page to this Indenture by telecopier, facsimile or other electronic transmission (i.e., a "pdf" or "tif") shall be effective as delivery of a manually executed counterpart thereof. A party's electronic signature (complying with the New York Electronic Signatures and Records Act (N.Y. State Tech. §§ 301-309), as amended from time to time, or other applicable law) of this Indenture shall have the same validity and effect as a signature affixed by the party's hand; *provided* that, notwithstanding anything herein to the contrary, neither the Trustee nor the Collateral Agent is under any obligation to agree to accept electronic signatures in any form or in any format unless agreed to by it pursuant to reasonable procedures approved by such parties.

Section 12.11 *Table of Contents, Headings, etc.*

The Table of Contents and headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only, are not to be considered a part of this Indenture and will in no way modify or restrict any of the terms or provisions hereof.

Section 12.12 *Legal Holidays*.

If the Stated Maturity or any Interest Payment Date, repurchase date, redemption date or other date of payment is not a Business Day, then any action to be taken on such date need not be taken on such date, but may be taken on the immediately following Business Day with the same force and effect as if taken on such date, and no additional interest will accrue for the period from and after such date.

Section 12.13 *U.S.A. Patriot Act*.

The parties hereto acknowledge that in accordance with Section 326 of the U.S.A. Patriot Act, the Trustee and the Collateral Agent, like all financial institutions, in order to help fight the funding of terrorism and money laundering, is required to obtain, verify and record information that identifies each person or legal entity that establishes a relationship or opens an account with the

Trustee. The parties to this Indenture agree that they will provide the Trustee and the Collateral Agent with such information as it may request in order for the Trustee or the Collateral Agent or Agent, as applicable, to satisfy the requirements of the U.S.A. Patriot Act.

Section 12.14 *Force Majeure*.

The Trustee and each Agent will not incur any liability for not performing any act or fulfilling any duty, obligation or responsibility hereunder by reason of any occurrence beyond the control of such Person (including, but not limited to, any act or provision of any present or future law or regulation or governmental authority, any act of God or war, earthquake, fire, flood, sabotage, epidemics, riots, labor disputes, civil unrest, local or national disturbance or disaster, any act of terrorism, or the unavailability of the Federal Reserve Bank wire or facsimile or other wire or communication facility), it being understood that the Trustee shall use reasonable best efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

Section 12.15 *Collateral Agent.*

(a) Notwithstanding anything else to the contrary herein, whenever reference is made in this Indenture or the Collateral Documents (including the LGA/DCA Intercreditor Agreement, any IP Intercreditor Agreement or any Other Junior First Intercreditor Agreement) to any discretionary action by, consent, designation, specification, requirement or approval of, notice, request or other communication from, or other direction given or action to be undertaken or to be (or not to be) suffered or omitted by the Collateral Agent or to any election, decision, opinion, acceptance, use of judgment, expression of satisfaction or other exercise of discretion, rights or remedies to be made (or not to be made) by the Collateral Agent, it is understood that in all cases the Collateral Agent shall be fully justified in failing or refusing to take any such action if it shall not have received written instruction, advice or concurrence from, as applicable, the Controlling Party or the Applicable Party (or Holders representing such number or percentage of outstanding aggregate principal of the Notes as shall be expressly provided for herein or in any other Collateral Document) in respect of such action and, if it so requests, it shall first be indemnified to its satisfaction against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. The Collateral Agent shall have no liability for any failure or delay in taking any actions contemplated above as a result of a failure or delay on the part of the Controlling Party, the Applicable Party or such Holders, as applicable, to provide such instruction, advice or concurrence. This provision is intended solely for the benefit of the Collateral Agent and its successors and permitted assigns and is not intended to and will not entitle the other parties hereto to any defense, claim or counterclaim, or confer any rights or benefits on any party hereto. Subject to the foregoing (and the other provisions of this Section 12.15) and the terms of the Collateral Documents and any other applicable provisions of this Indenture, the Collateral Agent shall take such action with respect to any Default or Event of Default as may be requested by the Controlling Party.

(b) The Collateral Agent may resign at any time by notice to the Trustee and the Company, such resignation to be effective upon the acceptance of a successor agent to its appointment as Collateral Agent. The Collateral Agent may be removed by the Company at any time, upon thirty days written notice to the Collateral Agent. If the Collateral Agent resigns or is removed under this Indenture, the Company shall appoint a successor collateral agent. If no

successor collateral agent is appointed and has accepted such appointment within 30 days after the Collateral Agent gives notice of resignation or is removed, the retiring Collateral Agent may (at the expense of the Company), at its option, appoint a successor Collateral Agent or petition a court of competent jurisdiction for the appointment of a successor. Upon the acceptance of its appointment as successor collateral agent hereunder, such successor collateral agent shall succeed to all the rights, powers and duties of the retiring Collateral Agent, and the term "Collateral Agent" shall mean such successor collateral agent, and the retiring or removed Collateral Agent's appointment, powers and duties as the Collateral Agent shall be terminated. After the retiring Collateral Agent's resignation or removal hereunder, the provisions of this Section 12.15 (and Section 7.06) shall continue to inure to its benefit and the retiring or removed Collateral Agent shall not by reason of such resignation or removal be deemed to be released from liability as to any actions taken or omitted to be taken by it while it was the Collateral Agent under this Indenture.

(c) Wilmington Trust, National Association shall initially act as Collateral Agent and shall be authorized to appoint co-Collateral Agents, agents or subagents as necessary in its sole discretion and shall not be responsible for the acts or omissions of any co-Collateral Agent, subagent or other agents appointed with due care. Except as otherwise explicitly provided herein, in the Collateral Documents, the LGA/DCA Intercreditor Agreement, any IP Intercreditor Agreement or any Other Junior Lien Intercreditor Agreement, neither the Collateral Agent nor any of its Affiliates or its and their respective officers, directors, employees or agents persons 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 any other Person or to take any other action whatsoever with regard to the Collateral or any part thereof. The Collateral Agent shall be accountable only for amounts that it actually receives as a result of the exercise of such powers.

(d) The Collateral Agent is authorized and directed to (i) enter into the Collateral Documents to which it is party, whether executed on or after the Closing Date, (ii) enter into the LGA/DCA Intercreditor Agreement, any IP Intercreditor Agreement any Other Junior Lien Intercreditor Agreement or any other intercreditor agreement permitted pursuant to Section 11.03, (iii) make the representations of the Holders set forth in the Collateral Documents, the LGA/DCA Intercreditor Agreement, any IP Intercreditor Agreement, any Other Junior Lien Intercreditor Agreement or any other intercreditor agreement permitted pursuant to Section 11.03, (iv) bind the Holders on the terms as set forth in the Collateral Documents, the LGA/DCA Intercreditor Agreement, any IP Intercreditor Agreement, any Other Junior Lien Intercreditor Agreement or any other intercreditor agreement permitted pursuant to Section 11.03 and (v) perform and observe its obligations under the Collateral Documents, the LGA/DCA Intercreditor Agreement, any IP Intercreditor Agreement, any Other Junior Lien Intercreditor Agreement or any other intercreditor agreement permitted pursuant to Section 11.03.

(e) If at any time or times the Trustee shall receive (i) by payment, foreclosure, set-off or otherwise, any proceeds of Collateral or any payments with respect to the Obligations arising under, or relating to, this Indenture, except for any such proceeds or payments received by the Trustee from the Collateral Agent pursuant to the terms of this Indenture, or (ii) payments from the Collateral Agent in excess of the amount required to be paid to the Trustee pursuant to Article 7, the Trustee shall promptly turn the same over to the Collateral Agent, in kind, and with such endorsements as

may be required to negotiate the same to the Collateral Agent, with such proceeds to be applied by the Collateral Agent pursuant to the terms of this Indenture, the Collateral Documents, the LGA/DCA Intercreditor Agreement, any IP Intercreditor Agreement, any Other Junior Lien Intercreditor Agreement or any other intercreditor agreement permitted pursuant to Section 11.03.

(f) Neither the Trustee nor the Collateral Agent shall have any obligation whatsoever to any of the Holders to assure that the Collateral exists or is owned by any Grantor or is cared for, protected, or insured or has been encumbered, or that the Collateral Agent's Liens have been properly or sufficiently or lawfully created, perfected, protected, maintained or enforced or are entitled to any particular priority, or to determine whether all of the Grantor's property constituting collateral intended to be subject to the Lien and security interest of the Collateral Documents has been properly and completely listed or delivered, as the case may be, or the genuineness, validity, marketability or sufficiency thereof or title thereto, or to exercise at all or in any particular manner or under any duty of care, disclosure, or fidelity, or to continue exercising, any of the rights, authorities, and powers granted or available to the Collateral Agent pursuant to this Indenture, any Collateral Document, the LGA/DCA Intercreditor Agreement, any IP Intercreditor Agreement, any Other Junior Lien Intercreditor Agreement, or any other intercreditor agreement permitted pursuant to Section 11.03, other than pursuant to the instructions of the Controlling Party or as otherwise provided in this Indenture or the Collateral Documents.

(g) Notwithstanding anything to the contrary contained in this Indenture, the LGA/DCA Intercreditor Agreement, any IP Intercreditor Agreement, any Other Junior Lien Intercreditor Agreement or the Collateral Documents, in the event the Collateral Agent is entitled or required to commence an action to foreclose or otherwise exercise its remedies to acquire control or possession of the Collateral, the Collateral Agent shall not be required to commence any such action or exercise any remedy or to inspect or conduct any studies of any property under any mortgages or take any such other action if the Collateral Agent has determined that the Collateral Agent may incur personal liability as a result of the presence at, or release on or from, the Collateral or such property, of any hazardous substances. The Collateral Agent shall at any time be entitled to cease taking any action described in this clause if it no longer reasonably deems any indemnity, security or undertaking from the Company or the Holders to be sufficient.

(h) The Collateral Agent (i) shall not be liable for any action taken or omitted to be taken by it in connection with this Indenture, the LGA/DCA Intercreditor Agreement, any IP Intercreditor Agreement, any Other Junior Lien Intercreditor Agreement and the Collateral Documents or instrument referred to herein or therein, except to the extent that any of the foregoing are found by a final, non-appealable judgment of a court of competent jurisdiction to have resulted from its own gross negligence or willful misconduct, and (ii) shall not be liable for interest on any money received by it except as the Collateral Agent may agree in writing with the Company (and money held in trust by the Collateral Agent need not be segregated from other funds except to the extent required by law).

(i) The Collateral Agent shall exercise reasonable care in the custody of any Collateral in its possession or control or in the possession or control of any agent or bailee. The Collateral Agent shall be deemed to have exercised reasonable care in the custody of Collateral in its possession if the Collateral is accorded treatment substantially equal to that which they accord similar property held for its own benefit and shall not be liable or responsible for any loss or diminution in value of any of

the Collateral (or for determining the value of the Collateral), including, without limitation, by reason of the act or omission of any carrier (including overnight carriers with respect to the delivery of possessory collateral), forwarding agency or other agent or bailee selected by the Collateral Agent in good faith.

(j) The parties hereto and the Holders hereby agree and acknowledge that neither the Collateral Agent nor the Trustee shall assume, be responsible for or otherwise be obligated for any liabilities, claims, causes of action, suits, losses, allegations, requests, demands, penalties, fines, settlements, damages (including foreseeable and unforeseeable), judgments, expenses and costs (including but not limited to, any remediation, corrective action, response, removal or remedial action, or investigation, operations and maintenance or monitoring costs, for personal injury or property damages, real or personal) of any kind whatsoever, pursuant to any environmental law as a result of this Indenture, the LGA/DCA Intercreditor Agreement, any IP Intercreditor Agreement, any Other Junior Lien Intercreditor Agreement, the Collateral Documents or any actions taken pursuant hereto or thereto. Further, the parties hereto and the Holders hereby agree and acknowledge that in the exercise of its rights under this Indenture, the LGA/DCA Intercreditor Agreement, any IP Intercreditor Agreement, any Other Junior Lien Intercreditor Agreement and the Collateral Documents, the Collateral Agent or the Trustee may hold or obtain indicia of ownership primarily to protect the security interest of the Collateral Agent or the Trustee in the Collateral and that any such actions taken by the Collateral Agent or the Trustee shall not be construed as or otherwise constitute any participation in the management of such Collateral. In the event that the Collateral Agent or the Trustee is required to acquire title to an asset for any reason, or take any managerial action of any kind in regard thereto, in order to carry out any fiduciary or trust obligation for the benefit of another, which in the Collateral Agent's or the Trustee's sole discretion may cause the Collateral Agent or the Trustee to be considered an "owner or operator" under the provisions of the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), 42 U.S.C. §9601, et seq., or otherwise cause the Collateral Agent or the Trustee to incur liability under CERCLA or any other federal, state or local law, the Collateral Agent and the Trustee reserves the right, instead of taking such action, to either resign as the Collateral Agent or the Trustee or arrange for the transfer of the title or control of the asset to a court-appointed receiver. Neither the Collateral Agent nor the Trustee shall be liable to the Company, the Guarantors or any other Person for any environmental claims or contribution actions under any federal, state or local law, rule or regulation by reason of the Collateral Agent's or the Trustee's actions and conduct as authorized, empowered and directed hereunder or relating to the discharge, release or threatened release of hazardous materials into the environment.

(k) The Collateral Agent is authorized to receive any funds for the benefit of itself, the Trustee and the Holders distributed under the Collateral Documents, the LGA/DCA Intercreditor Agreement, any IP Intercreditor Agreement or any Other Junior Lien Intercreditor Agreement and to the extent not prohibited under the LGA/DCA Intercreditor Agreement, any IP Intercreditor Agreement or any Other Junior Lien Intercreditor Agreement, for turnover to the Trustee to make further distributions of such funds to itself, the Trustee and the Holders in accordance with the provisions of Section 6.06 and the other provisions of this Indenture.

(l) Notwithstanding anything to the contrary in this Indenture or in any Collateral Document, LGA/DCA Intercreditor Agreement, Other Junior Lien Intercreditor Agreement or any IP

Intercreditor Agreement, in no event shall the Collateral Agent be responsible for, or have any duty or obligation with respect to, the recording, filing, registering, perfection, protection or maintenance of the security interests or Liens intended to be created by this Indenture, the Collateral Documents or the LGA/DCA Intercreditor Agreement, any IP Intercreditor Agreement or Other Junior Lien Intercreditor Agreement (including without limitation the filing or continuation of any Uniform Commercial Code financing or continuation statements or similar documents or instruments), nor shall the Collateral Agent be responsible for, or makes any representation regarding, the validity, effectiveness or priority of any of the Collateral Documents or the security interests or Liens intended to be created thereby.

(m) Before the Collateral Agent acts or refrains from acting in each case at the request or direction of the Company or the Guarantors, it may require an Officers' Certificate and an Opinion of Counsel, which shall conform to the provisions of Section 12.03. The Collateral Agent shall not be liable for any action it takes or omits to take in good faith in reliance on such certificate or opinion.

(n) The Collateral Agent, in executing and performing its duties under the Collateral Documents, shall be entitled to all of the rights, protections, immunities and indemnities granted to it hereunder, including after the satisfaction and discharge of this Indenture or the payment in full of the Notes.

(o) The Collateral Agent (and Trustee) shall be under no obligation to effect or maintain insurance or to renew any policies of insurance or to inquire as to the sufficiency of any policies of insurance carried by the Company or any Guarantor, or to report, or make or file claims or proof of loss for, any loss or damage insured against or that may occur, or to keep itself informed or advised as to the payment of any taxes or assessments, or to require any such payment to be made.

(p) For avoidance of doubt, the rights, privileges, protections, immunities and benefits given to the Collateral Agent hereunder, including, without limitation, its right to be indemnified prior to taking action, shall apply to the Collateral Agent in connection with each of the Collateral Documents and shall survive the satisfaction, discharge or termination of this Indenture or earlier termination or the earlier resignation or removal of the Collateral Agent.

Section 12.16 *Consents and Instructions from the Controlling Party*

Notwithstanding or anything else in this Indenture (including, without limitation, Section 12.01 hereof) or any Collateral Document to the contrary, prior to the Disposition Date, any written instrument executed by GS Initial Purchasers certifying that the Controlling Party has consented to or approved any amendment, waiver, supplement, consent or approval under this Indenture or any Collateral Document and which provides for the consent, approval, waiver, instruction or direction respect of any matter under this Indenture or any Collateral Document shall constitute binding and conclusive evidence for all purposes under this Indenture and the Collateral Documents of the consent, approval, waiver, instruction or direction of the Controlling Party, upon which the Trustee and Collateral Agent and the Company and the Guarantors, will be entitled to conclusively rely without further investigation. For avoidance of doubt, if any such written instrument is delivered to the Company, the Trustee and/or the Collateral Agent, no evidence of consent, approval, waiver, instruction or direction obtained from other GS Purchasers, Beneficial Owners, DTC, any DTC

participant or otherwise pursuant to DTC's applicable procedures will be required in order for such consent, approval, waiver, instruction or direction to be effective for all purposes hereunder and under the Collateral Documents. The Company, Trustee and Collateral Agent shall be entitled to conclusively rely that the Disposition Date has not occurred unless and until they have received written notice thereof from the GS Initial Purchasers that the Disposition Date has occurred. For avoidance of doubt, prior to the Disposition Date, the GS Initial Purchasers shall act as the representative for all GS Purchasers, and the Trustee, the Collateral Agent and the Company shall treat any instrument provided by the GS Initial Purchasers as an instrument from all GS Purchasers and all GS Purchasers shall be bound thereby. If the Disposition Date has occurred, and thereafter the GS Purchasers are expressly entitled to exercise any rights, the Trustee and Collateral Agent and the Company and the Guarantors will be entitled to exclusively rely without further investigation on any written instrument executed by GS Initial Purchasers in the same manner provided above notwithstanding the occurrence of a Disposition Date.

[Signatures on following page]

SIGNATURES

Dated as of September 25, 2020

Company:

AMERICAN AIRLINES, INC.

By: /s/ Thomas T. Weir
Name: Thomas T. Weir
Title: Vice President and Treasurer

Guarantor:

AMERICAN AIRLINES GROUP INC.

By: s/ Thomas T. Weir
Name: Thomas T. Weir
Title: Vice President and Treasurer

WILMINGTON TRUST, NATIONAL ASSOCIATION, as Trustee

By: /s/ Hallie E. Field
Name: Hallie E. Field
Title: Vice President

WILMINGTON TRUST, NATIONAL ASSOCIATION, as Collateral Agent

By: /s/ Hallie E. Field
Name: Hallie E. Field
Title: Vice President

[Face of Note]

[Insert the Global Note Legend, if applicable pursuant to the provisions of the Indenture]

[Insert the Private Placement Legend, if applicable pursuant to the provisions of the Indenture]

[Insert the Regulation S Legend, if applicable pursuant to the provisions of the Indenture]

CUSIP/CINS _____[1]

10.75%/12.00% PIK Senior Secured IP Notes due 2026

No. ___ [Initially] $_____ plus any PIK Interest added to the principal amount hereof [*If the Note is a Global Note, include the following*: and as such amount may otherwise be revised by the Schedule of Increases or Decreases in the Global Note][*]

AMERICAN AIRLINES, INC.

promises to pay to _____ or registered assigns,

the principal sum of _____ DOLLARS,* plus any PIK Interest added to the principal amount hereof on February 15, 2026.

Interest Payment Dates: September 1 and March 1

Record Dates: August 15 and February 15

Dated: _____

AMERICAN AIRLINES, INC.

By: _____
Name:
Title:

[1] *144A CUSIP:*

144A ISIN:

Reg. S CUSIP:

Reg. S ISIN:

[*] This Global Note represents the aggregate principal amount of outstanding Notes from time to time endorsed thereon, the initial amount of which is specified on the "Schedule of Exchanges of Interests in the Global Notes" attached hereto, which may from time to time be reduced or increased, as appropriate, to reflect exchanges and redemptions and PIK Payments.

This is one of the Notes referred to
in the within-mentioned Indenture:

Wilmington Trust, National Association,
as Trustee

By: _____
Authorized Signatory

[Back of Note]
10.75%/12.00% PIK Senior Secured IP Notes due 2026

1. *Interest*. American Airlines, Inc., a Delaware corporation (the "*Company*"), promises to pay or cause to be paid with respect to each Interest Period (other than any Interest Period with respect to which the Company is permitted to exercise the PIK Option and does so exercise the PIK Option) interest on the principal amount of this Note in cash at a rate per annum equal to 10.75%.

For any Interest Period ending on or prior to September 1, 2022, the Company, in its sole discretion, may elect to pay 50% of the interest with respect to such Interest Period in kind, with the other 50% of the interest with respect to such Interest Period to be paid by the Company in cash (the "*PIK Option*"). In the event that the Company is permitted to exercise the PIK Option and does so exercise the PIK Option with respect to any Interest Period, the Company promises to pay with respect to such Interest Period interest on the principal amount of this Note at a rate per annum equal to 12.00%, with 50% of the interest for such Interest Period to be paid by the Company in kind and the other 50% of the interest for such Interest Period to be paid by the Company in cash.

For purposes of this Note and the Indenture, (x) the interest that is payable in kind in respect of any Interest Period in which the Company is permitted to exercise the PIK Option and does so exercise the PIK Option is referred to as "*PIK Interest*" and (y) "*Interest Period*" means the period commencing on and including an Interest Payment Date to but excluding the next succeeding Interest Payment Date, it being understood that the first Interest Period shall be from and including the Closing Date to but excluding March 1, 2021.

In the event that the Company elects to exercise the PIK Option with respect to any Interest Period, it shall deliver a PIK Notice to the Trustee no later than the day that is twenty days prior to the Interest Payment Date in respect of such Interest Period, which PIK Notice (x) indicates the amount of PIK Interest and cash interest that will be paid on the Interest Payment Date in respect of such Interest Period, (y) certifies that the Company is permitted to exercise the PIK Option for such Interest Period pursuant to the terms of the Indenture and the Notes and is so exercising the PIK Option for such Interest Period and (z) directs the Trustee and the Paying Agent (if other than the Trustee) to increase the principal amount of the Notes in accordance with this paragraph, which notification the Trustee and Paying Agent shall be entitled to rely upon. The Company will be responsible for all calculations in connection with PIK Payments and the PIK Notes. The Company shall be deemed to have exercised the PIK Option indicated in the PIK Notice as being exercised with respect to any Interest Period if it delivers a PIK Notice for such Interest Period in accordance with the immediately preceding sentence and will be deemed to not have exercised the PIK Option for any Interest Period if it does not deliver a PIK Notice with respect to such Interest Period in accordance with the immediately preceding sentence.

The Company shall pay the applicable amount of any PIK Interest for any applicable Interest Period in respect of this Note on the Interest Payment Date in respect of such Interest Period. On any Interest Payment Date on which the Company pays PIK Interest (a "*PIK Payment*"), PIK Interest on the Notes will be payable (1) with respect to a Global Note, by increasing the principal amount of [this Note][each outstanding Global Note] at the end of such Interest Period by an amount equal to the amount of PIK Interest applicable to [this Note][such

outstanding Global Note] (rounded up to the nearest whole Dollar) for the relevant Interest Period, as provided in the PIK Notice, to the credit of the Holders on the relevant record date, which shall be recorded in the Registrar's books and records and in the "Schedule of Increases or Decreases in the Global Note", and (2) with respect to Definitive Notes, by issuing PIK Notes in definitive form in an aggregate principal amount equal to the amount of PIK Interest applicable to [this Note][each outstanding Definitive Note] (rounded up to the nearest whole Dollar) for the relevant Interest Period, as provided in the PIK Notice, and the Trustee will, at the written order of the Company, authenticate and deliver such PIK Notes in definitive form for original issuance to the Holders on the relevant record date, as shown by the records of the Registrar. Any PIK Notes issued in definitive form will be dated as of the applicable Interest Payment Date and will bear interest from and after such date. All PIK Notes will be governed by, and subject to the terms (including the maturity date), provisions and conditions of, the Indenture and will have the same rights and benefits as the Notes issued on the Closing Date. Following any increase in the principal amount of this Note as a result of a PIK Payment, this Note will bear interest on such increased principal amount from and after the date of such PIK Payment.

The Company will pay interest, if any, semi-annually in arrears on September 1 and March 1 of each year, or if any such day is not a Business Day, on the next succeeding Business Day (each, an "*Interest Payment Date*"). Interest on the Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the date of issuance; provided that the first Interest Payment Date shall be _____, _____. The Company shall also pay accrued interest on the Notes, if any, in cash on the Maturity Date. The Company will pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue principal at a rate that is 1.00% higher than the then applicable interest rate on the Notes to the extent lawful; it will pay interest (including post petition interest in any proceeding under any Bankruptcy Law) on overdue installments of interest, if any (without regard to any applicable grace period), at the same rate to the extent lawful. PIK Interest in respect of any Interest Period shall be paid to Holders on a pro rata basis in accordance with the respective principal amount of Notes held by them subject to the procedures of DTC.

Notwithstanding anything to the contrary and for avoidance of doubt, (a) the payment of accrued and unpaid interest for any Interest Period ending after September 1, 2022, (b) the payment of any accrued and unpaid interest in connection with any redemption or repurchase of Notes pursuant to Article 3 of the Indenture (including Section 3.07 of the Indenture), Section 4.10 of the Indenture or Section 4.16 of the Indenture, as applicable, (c) the payment of any accrued and unpaid interest in connection with any defeasance or satisfaction and discharge of the Indenture, (d) the payment of any accrued and unpaid interest on the Maturity Date, (e) the payment of additional interest required to be paid pursuant to Section 2.12 of the Indenture and (f) the payment of any accrued and unpaid interest upon any acceleration of the Notes shall, in each case of clauses (a), (b), (c), (d), (e) and (f), be made solely in cash.

Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

2. *Method of Payment*. The Company will pay interest on the Notes (except defaulted interest), if any, to the Persons who are registered Holders of Notes at the close of business on the

August 15 and February 15 immediately preceding the Interest Payment Date, even if the Notes are canceled after such record date and on or before such Interest Payment Date, except as provided in Section 2.12 of the Indenture with respect to defaulted interest. The Notes will be payable as to principal, the Applicable Premium and interest (other than PIK Interest, which is payable as described in paragraph 1 of this Note) at the office or agency of the Paying Agent and Registrar, or, at the option of the Company, payment of interest, if any, may be made by check mailed to the Holders at their addresses set forth in the register of Holders; *provided* that payment by wire transfer of immediately available funds will be required with respect to principal of, the Applicable Premium on and interest, if any, on, all Global Notes and all other Notes the Holders of which will have provided wire transfer instructions to the Company or the Paying Agent. Such payment will be in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

3. *Paying Agent and Registrar*. Initially, Wilmington Trust, National Association, the Trustee under the Indenture, will act as Paying Agent and Registrar. The Company may change the Paying Agent or Registrar without prior notice to the Holders of the Notes. The Company or any of its Subsidiaries may act as Paying Agent or Registrar.

4. *Indenture*. The Company issued the Notes under an Indenture (IP Notes) dated as of September 25, 2020 (the "*Indenture*") among the Company, the Parent, the Trustee and Wilmington Trust, National Association, as Collateral Agent. The terms of the Notes include those stated in the Indenture. The Notes are subject to all such terms, and Holders are referred to the Indenture for a statement of such terms. To the extent any provision of this Note conflicts with the express provisions of the Indenture, the provisions of the Indenture shall govern and be controlling. The Notes are secured obligations of the Company. The aggregate principal amount of the Notes that may be issued under the Indenture shall be limited as provided in Section 2.01 of the Indenture.

5. Optional Redemption; Change of Control Repurchase; Asset Sale Offer.

a. The Notes will be redeemable, at the Company's option, in whole at any time or in part from time to time, at a redemption price equal to 100% of the principal amount of the Notes to be redeemed, *plus* the Applicable Premium, *plus* accrued and unpaid interest (if any) on the principal amount of Notes being redeemed to (but not including) such redemption date (subject to the rights of Holders of Notes on the relevant record date to receive interest on the relevant Interest Payment Date). The Trustee shall have no duty to verify the calculation of any redemption price made by the Company.

b. Upon the occurrence of a Change of Control, each Holder of Notes will have the right to require the Company to repurchase all or any part (equal to a minimum denomination of $100,000 or an integral multiple of $1,000 in excess thereof (or, if a PIK Payment has been made, in a minimum denomination of $1.00 or an integral multiple of $1.00 in excess thereof with respect to the portion of any Note constituting PIK Interest) of that Holder's Notes pursuant to a Change of Control Offer at a purchase price in cash equal to 101% of the aggregate principal amount of the Notes repurchased, plus accrued and unpaid interest on the Notes repurchased to (but not including) the date of purchase.

c. If Holders of not less than 90% in aggregate principal amount of the outstanding Notes validly tender and do not withdraw such Notes in a Change of Control Offer and the Company, or any third party making a Change of Control Offer in lieu of the Company as described above, purchases all of the Notes validly tendered and not withdrawn by such Holders, the Company or such third party will have the right, upon not less than 10 days nor more than 60 days' prior notice, given not more than 30 days following such purchase pursuant to the Change of Control Offer described above, to redeem all Notes that remain outstanding following such purchase at a price in cash equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to (but not including) the redemption date.

d. If the Company or any Grantor receives Net Proceeds from a Specified Disposition, the Company will be required to make an Asset Sale Offer in accordance with Sections 4.15(a) of the Indenture.

6. *Mandatory Redemption*. The Company is not required to make mandatory redemption or sinking fund payments with respect to the Notes.

7. *Notice of Redemption*. At least 10 days but not more than 60 days before a redemption date, the Company will mail or cause to be mailed, by first-class mail, a notice of redemption to each Holder whose Notes are to be redeemed at its registered address, except that redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of the Indenture pursuant to Article 8 thereof. Notes and portions of Notes selected will be in principal amounts of $100,000 or integral multiples of $1,000 in excess thereof (or, if a PIK Payment has been made, in minimum denominations of $1.00 or integral multiples of $1.00 in excess thereof with respect to the portion of any Note constituting PIK Interest); except that if all of the Notes of a Holder are to be redeemed or purchased, the entire outstanding amount of Notes held by such Holder shall be redeemed or purchased.

Any such redemption may, at the Company's discretion, be subject to one or more conditions precedent, including the consummation of a Change of Control. In addition, if such redemption or notice is subject to satisfaction of one or more conditions precedent, such notice shall state that, in the Company's discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied or waived, or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied or waived by the redemption date, or by the redemption date so delayed.

8. *Denominations, Transfer, Exchange*. The Notes are in registered form in denominations of $100,000 and integral multiples of $1,000 in excess thereof (or, if a PIK Payment has been made, in minimum denominations of $1.00 and integral multiples of $1.00 in excess thereof with respect to the portion of any Note constituting PIK Interest). The transfer of Notes may be registered and Notes may be exchanged as provided in the Indenture. The Registrar and the Trustee may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and the Company may require a Holder to pay any taxes and fees required by law or permitted by the Indenture. The Company need not exchange or register the transfer of any Note or portion of a Note selected for redemption, except for the unredeemed portion of any Note being

redeemed in part. Also, the Company need not exchange or register the transfer of any Notes for a period of 15 days before a selection of Notes to be redeemed or during the period between a record date and the next succeeding Interest Payment Date.

9. *Persons Deemed Owners*. The registered Holder of a Note may be treated as the owner of it for all purposes. Only registered Holders have rights under the Indenture.

10. *Amendment, Supplement and Waiver*. The provisions governing amendment, supplement and waiver of any provision of the Indenture, the Notes or the Note Guarantees are set forth in Article 9 of the Indenture.

11. *Defaults and Remedies*. The Events of Default relating to the Notes and related remedies and other provisions are included in Section 6.01 of the Indenture.

12. *Security.* The Notes shall be secured by Liens and security interests, subject to Permitted IP Liens and Permitted LGA/DCA Liens, in the Collateral. The Collateral Agent holds the Collateral in trust for the benefit of the Trustee and the Holders, in each case pursuant to the Collateral Documents.

13. *Trustee Dealings with the Company*. The Trustee, in its individual or any other capacity, may make loans to, accept deposits from, and perform services for the Company or its Affiliates, and may otherwise deal with the Company or its Affiliates, as if it were not the Trustee.

14. *No Recourse Against Others*. No director, officer, employee, incorporator or stockholder of the Company or any Guarantor, as such, will have any liability for any obligations of the Company or any Guarantor under the Notes, the Indenture, the Note Guarantees, or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of the Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. The waiver may not be effective to waive liabilities under the federal securities laws.

15. *Authentication*. This Note will not be valid until authenticated by the manual signature of the Trustee or an authenticating agent.

16. *Abbreviations*. Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), and U/G/M/A (= Uniform Gifts to Minors Act).

17. *Cusip Numbers*. Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Company has caused CUSIP numbers to be printed on the Notes, and the Trustee may use CUSIP numbers in notices of redemption as a convenience to Holders. No representation is made as to the accuracy of such numbers either as printed on the

Notes or as contained in any notice of redemption, and reliance may be placed only on the other identification numbers placed thereon.

18. *Governing Law; Jurisdiction; Waiver of Jury Trial*. THE INTERNAL LAW OF THE STATE OF NEW YORK WILL GOVERN AND BE USED TO CONSTRUE THE INDENTURE, THIS NOTE AND THE NOTE GUARANTEES WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO THE EXTENT THAT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.

Any legal suit, action or proceeding arising out of or based upon this Indenture or the transactions contemplated hereby may be instituted in the federal courts of the United States of America located in the City of New York or the courts of the State of New York in each case located in the City of New York (collectively, the "*Specified Courts*"), and each party irrevocably submits to the non-exclusive jurisdiction of such courts in any such suit, action or proceeding. Service of any process, summons, notice or document by mail (to the extent allowed under any applicable statute or rule of court) to such party's address set forth above shall be effective service of process for any suit, action or other proceeding brought in any such court. The Company, the Trustee and the Holders (by their acceptance of the Notes) each hereby irrevocably and unconditionally waive any objection to the laying of venue of any suit, action or other proceeding in the Specified Courts and irrevocably and unconditionally waive and agree not to plead or claim any such suit, action or other proceeding has been brought in an inconvenient forum.

The Company, the Trustee and the Holders (by their acceptance of the Notes) each hereby irrevocably waive, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Indenture, the Notes or the transactions contemplated hereby or thereby.

The Company will furnish to any Holder upon written request and without charge a copy of the Indenture. Requests may be made to:

American Airlines, Inc.
1 Skyview Drive
Fort Worth, TX 76155

Attention: Treasurer

Assignment Form

To assign this Note, fill in the form below:

(I) or (we) assign and transfer this Note to: _____
(Insert assignee's legal name)

_____
(Insert assignee's soc. sec. or tax I.D. no.)

_____

_____

_____

_____
(Print or type assignee's name, address and zip code)

and irrevocably appoint _____
to transfer this Note on the books of the Company. The agent may substitute another to act for him.

Date: _____

Your Signature: _____
(Sign exactly as your name appears on the face of this Note)

Signature Guarantee*: _____

* Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor acceptable to the Trustee).

Option of Holder to Elect Purchase

If you want to elect to have this Note purchased by the Company pursuant to Section 4.10 or 4.16 of the Indenture, check the appropriate box below:

☐ Section 4.10 ☐ Section 4.16

If you want to elect to have only part of the Note purchased by the Company pursuant to Section 4.10 or 4.16 of the Indenture, state the amount you elect to have purchased:

$_____

Date: _____

Your Signature: _____
(Sign exactly as your name appears on the face of this Note)

Tax Identification No.: _____

Signature Guarantee*: _____

* Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor acceptable to the Trustee).

SCHEDULE OF EXCHANGES OF INTERESTS IN THE GLOBAL NOTE

The following exchanges of a part of this Global Note for an interest in another Global Note or for a Definitive Note, or exchanges of a part of another Global Note or Definitive Note for an interest in this Global Note or the following increases in the principal amount of this Global Note to reflect the payment of PIK Interest, have been made:

Date of Exchange or Payment of PIK Interest	Amount of decrease in Principal Amount of this Global Note	Amount of increase in Principal Amount of this Global Note	PIK Payments	Principal Amount of this Global Note following such decrease (or increase)	Signature of authorized officer of Trustee or Custodian

Exhibit 4.3

EXECUTION VERSION

AMERICAN AIRLINES, INC.

AND THE GUARANTORS PARTY HERETO FROM TIME TO TIME

10.75%/12.00% PIK SENIOR SECURED NOTES DUE 2026

INDENTURE

Dated as of September 25, 2020

Wilmington Trust, National Association

as Trustee and as Collateral Agent

TABLE OF CONTENTS

ARTICLE 12
MISCELLANEOUS

SCHEDULES

EXHIBITS

INDENTURE dated as of September 25, 2020 among American Airlines, Inc., a Delaware corporation, the Guarantors (as defined herein) and Wilmington Trust, National Association, a national banking association, as trustee and as collateral agent.

The Company, the Guarantors, the Trustee and the Collateral Agent agree as follows for the benefit of each other and for the equal and ratable benefit of the Holders (as defined herein) of the Company's 10.75%/12.00% PIK Senior Secured Notes due 2026 (the "*Notes*"):

ARTICLE 1
DEFINITIONS AND INCORPORATION BY REFERENCE

Section 1.01 *Definitions.*

"*144A Global Note*" means a Global Note substantially in the form of Exhibit A hereto bearing the Global Note Legend and the Private Placement Legend and deposited with or on behalf of, and registered in the name of, the Depositary or its nominee that will be issued in a denomination equal to the outstanding principal amount of the Notes sold in reliance on Rule 144A.

"*2013 Credit Agreement*" means that certain credit and guaranty agreement, dated as of June 27, 2013, by and among American, as borrower, the Parent, as a guarantor, certain other subsidiaries of the Parent, as guarantors, the lenders party thereto from time to time and Deutsche Bank AG New York Branch, as administrative agent and collateral agent, as amended, restated, modified, renewed, extended, refunded or replaced in any manner (whether upon or after maturity, termination or otherwise) or refinanced (including by means of sales of debt securities) in whole or in part from time to time.

"*2014 Credit Agreement*" means that certain credit and guaranty agreement, dated as of October 10, 2014, by and among American, as borrower, the Parent, as a guarantor, certain other subsidiaries of the Parent, as guarantors, the lenders party thereto from time to time and Citibank N.A., as administrative agent and collateral agent, as amended, restated, modified, renewed, extended, refunded or replaced in any manner (whether upon or after maturity, termination or otherwise) or refinanced (including by means of sales of debt securities) in whole or in part from time to time.

"*Account*" means 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 Control Agreements*" means a security and control agreement entered into by any Grantor, the Collateral Agent (or, prior to the Discharge of Senior Priority Obligations, the Senior Priority Representative, on behalf of the Secured Parties (as defined in the Intercreditor Agreement) pursuant to the Intercreditor Agreement) 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 Collateral Document, in each case giving the Collateral Agent control (as defined in the UCC) over the applicable account.

"*Acquired Debt*" means, with respect to any specified Person:

(1) Indebtedness, Disqualified Stock or preferred stock of any other Person existing at the time such other Person is merged, consolidated or amalgamated with or into such specified Person, or became a Subsidiary of such specified Person, to the extent such Indebtedness is incurred or such Disqualified Stock or preferred stock is issued in connection with, or in contemplation of, such other Person merging, consolidating or amalgamating with or into, or becoming a Subsidiary of, such specified Person; and

(2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

"*Additional Collateral*" means (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 Company 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 Applicable Party; *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 to the Applicable Party, 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 Applicable Party, (d) aircraft and engines pledged to a trustee pursuant to Aircraft Security Agreement(s) or supplement(s) thereto, (e) aircraft engines pledged to a trustee pursuant to Spare Engines Security Agreement(s), supplement(s) thereto, or a security agreement substantially in the form of the Spare Engines Security Agreement, (f) Spare Parts to the extent that (i) such Spare Parts do not constitute Core Collateral (as defined in the December 2016 Credit Agreement as in effect on the Closing Date) immediately prior to the time such Additional Collateral is added or (ii) such Spare Parts are owned by a Grantor other than the Company or the 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), as applicable, for such Real Property Assets, in a form reasonably satisfactory to the Applicable Party and (i) any other assets acceptable to the Applicable Party, 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 Applicable Party.

"*Affiliate*" of any specified Person means 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, means 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 the Parent or any Subsidiary of the Parent) in whom a

Receivables Subsidiary makes an Investment in connection with a Qualified Receivables Transaction will be deemed to be an Affiliate of the 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.

"*Agent*" means any Registrar, co-registrar, Paying Agent or additional paying agent.

"*Aircraft Related Equipment*" means 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 or other flight or ground equipment and other operating assets.

"*Aircraft Related Facilities*" means (i) airport terminal facilities, including without limitation, baggage systems, loading bridges and related equipment, building, infrastructure and maintenance facilities, tooling facilities, club rooms, apron, fueling systems or facilities, signage/image systems, administrative offices, information technology systems and security systems, (ii) airline support facilities, including without limitation, cargo, catering, mail, ground service equipment, ramp control, de-icing, hangars, aircraft parts/storage, training, office and reservations facilities and (iii) all equipment and tooling used in connection with the foregoing.

"*Aircraft Security Agreement*" means (i) with respect to any aircraft (comprised of an airframe and its related engines) that may be pledged by a Grantor as Additional Collateral after the date hereof, a security agreement substantially in the form of Exhibit N hereto and (ii) with respect to any spare engine that may be pledged by a Grantor as Additional Collateral after the date hereof, a spare engine security agreement based on the form of aircraft security agreement in Exhibit N hereto 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 N hereto and (y) such other changes proposed by the Company and reasonably acceptable to the Applicable Party, in the case of each of the foregoing clauses (i) and (ii), as amended, restated, amended and restated, supplemented or otherwise modified, renewed or replaced from time to time.

"*Airline/Company Merger*" means the merger or consolidation, if any, of the Parent with any Subsidiary of the Parent.

"*Airlines Merger*" means the merger, asset transfer, consolidation or any similar transaction involving one or more airline Subsidiaries of the Parent (including, without limitation, any such transaction that results in such Subsidiaries operating under a single operating certificate).

"*Airport Authority*" means 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"* means Aircraft Information Services, Inc.

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

"*AMR*" means AMR Corporation, a Delaware corporation, the predecessor to the Parent.

"*AMR Merger*" means the merger consummated pursuant to the AMR Merger Agreement.

"*AMR Merger Agreement*" means the Agreement and Plan of Merger, dated as of February 13, 2013, among AMR, AMR Merger Sub, Inc. and US Airways Group, Inc. as amended from time to time.

"*Applicable Holders*" means Holders of at least 25% in principal amount of the outstanding Notes.

"*Applicable Party*" means, with respect to any action, consent, approval, or determination, the Controlling Party (or, on or after the Disposition Date, for so long as the Discharge of Senior Priority Obligations has not occurred, the Senior Priority Representative, if and to the extent the Senior Priority Representative has authorized or taken the comparable action or given or made the comparable consent, approval or determination, in each case, pursuant to the corresponding provision of the applicable Senior Priority Document (as defined in the Intercreditor Agreement)).

"*Applicable Premium*" means, with respect to any redemption, repayment, prepayment, satisfaction or discharge (whether in whole or in part or in cash or otherwise) of all or any portion of the Notes with respect to which the Applicable Premium is payable pursuant to the applicable provision of this Indenture (including as a result of any acceleration, bankruptcy, insolvency or reorganization proceeding (but, for avoidance of doubt, excluding repurchase upon consummation of a Change of Control Offer or Asset Sale Offer)), an amount equal to (i) on or after the Closing Date but prior to the First Call Date, the amount, if any, by which (a) the sum of the present values as of the date of redemption, repayment, prepayment, satisfaction or discharge of (1) the remaining payments of interest on the Notes to be redeemed, repaid, prepaid, satisfied or discharged from the date of redemption, repayment, prepayment, satisfaction or discharge through the First Call Date (excluding accrued and unpaid interest to the date of redemption, repayment prepayment, satisfaction or discharge), plus (2) the redemption price as of the First Call Date of the Notes to be redeemed, repaid, prepaid, satisfied or discharged (i.e., 105.375% of the principal amount of such Notes, plus the amount of interest that would be accrued and unpaid from the Interest Payment Date immediately preceding the First Call Date through the First Call Date), assuming that, for purposes of calculating each of clauses (1) and (2), such Notes were to remain outstanding to the First Call Date and then be redeemed on the First Call Date at the redemption price described above, and, in the case of each of clauses (1) and (2), discounted to the date of redemption, repayment, prepayment, satisfaction or discharge on a semiannual basis (based on a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 50 basis points, exceeds (b) the principal amount of the Notes to be redeemed, repaid, prepaid, satisfied or discharged (*provided*, *however*, that in no case shall the Applicable Premium under this clause (i) be less than 5.375% of the principal amount of the Notes to be redeemed, repaid, prepaid, satisfied or discharged), (ii) on or after the First Call Date but on or prior to the fifth anniversary of the Closing Date, 5.375% of the principal amount of the Notes to be redeemed, repaid, prepaid, satisfied or discharged, and (iii) after the fifth anniversary of the Closing Date, zero. For purposes of clause (i) hereof, in all cases, the remaining payments of interest will be based on the per annum interest rate applicable to payments of interest entirely in cash (i.e., 10.75%). The Applicable Premium shall be calculated by the Company, and the Trustee shall have no duty or obligation to verify such calculation.

"*Applicable Procedures*" means, with respect to any notice, transfer, exchange, or other transaction for or with respect to beneficial interests in any Global Note, the rules and procedures of the Depositary, Euroclear and Clearstream that apply to such notice, transfer, exchange or other transaction.

"*Appraisal*" means (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 Company's option, MBA, ICF or PAC (provided that such appraiser must be independent) or any other appraiser appointed by the Company and reasonably acceptable to the Applicable Party, (b) with respect to Spare Parts, at the Company's option, MBA, ICF, Sage or PAC (provided that such appraiser must be independent) or any other appraiser appointed by the Company and reasonably acceptable to the Applicable Party, (c) with respect to any aircraft, airframe or engine, at the Company'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 Company and reasonably acceptable to the Applicable Party, (d) with respect to Real Property Assets, CB Richard Ellis (provided that such appraiser must be independent) or any other appraiser appointed by the Company and reasonably acceptable to the Applicable Party, and (e) with respect to any other type of property, at the Company's option, MBA, ICF, Sage or PAC (provided that such appraiser must be independent) or any other appraiser appointed by the Company and reasonably acceptable to the Applicable Party (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 Applicable Party (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 Applicable Party (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 Company to the applicable 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 Applicable Party (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 Foreign Gate Leaseholds pledged pursuant to a security agreement that is substantially similar to the SGR Security Agreement (A) (i) shall 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 Applicable Party (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 Company, 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*" means, 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 Company 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 Foreign Gate Leaseholds referred to in clause (4) of the definition of "Appraisal," subject to the first proviso in

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 Trustee and the Collateral 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 Trustee and the Collateral Agent prior to such date, but no Appraisal relating to such Collateral has been delivered to the Trustee and the Collateral 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 Trustee and the Collateral Agent.

"*Approved Fund*" means, with respect to any GS Person, any Person (other than a natural person) that is engaged in making, purchasing, holding or investing in bank loans, debt securities and/or similar extensions of credit in the ordinary course of business and that is administered or managed by (a) such GS Person, (b) an Affiliate of such GS Person or (c) an entity or an Affiliate of an entity that administers or manages such GS Person.

"*April 2016 Credit Agreement*" means that certain credit and guaranty agreement, dated as of April 29, 2016, by and among American, as borrower, the Parent, as a guarantor, certain other subsidiaries of the Parent, as guarantors, the lenders party thereto from time to time and Barclays Bank PLC, as administrative agent and collateral agent, as amended, restated, modified, renewed, extended, refunded or replaced in any manner (whether upon or after maturity, termination or otherwise) or refinanced (including by means of sales of debt securities) in whole or in part from time to time.

"*Ascend*" means Ascend Worldwide Limited.

"*Asset Sale Offer*" means, with respect to any Specified Disposition, an offer to all Holders to repurchase the Notes in an amount equal to the Asset Sale Offer Amount pursuant to procedures set forth in Section 4.16, at a purchase price in cash equal to 100% of the aggregate principal amount of the Notes repurchased, plus accrued and unpaid interest on the Notes repurchased to, but excluding, the date of repurchase (the "*Asset Sale Offer Purchase Date*").

"*AVITAS*" means AVITAS, Inc.

"*Banking Product Obligations*" means, 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 and any related 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 Law*" means Title 11, U.S. Code or any similar federal or state law for the relief of debtors.

"*Beneficial Owner*" has 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. The terms "*Beneficially Own*", "*Beneficially Owns*", "*Beneficially Owned*" and "*Beneficial Ownership*" have corresponding meanings.

"*Board of Directors*" means:

(1) with respect to a corporation, the board of directors or other governing body of the corporation or any committee thereof duly authorized to act on behalf of such board of directors;

(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.

"*Business Day*" means a day other than a Saturday, Sunday or other day on which banking institutions are authorized or required by law to close in New York City or, with respect to payments, a place of payment of the Notes.

"*Capital Markets Offering*" means any offering of "securities" (as defined under the Securities Act and, including, for 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(a)(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*" means:

(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 any debt securities convertible into Capital Stock, whether or not such debt securities include any right of participation with Capital Stock.

"*Cash Equivalents*" means, as of the date acquired, purchased or made, as applicable: (i) 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; (ii) 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, at the time of the acquisition thereof, a rating of at least A- (or the equivalent thereof) from S&P or A3 (or the equivalent thereof) from Moody's; (iii) 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; (iv) 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; (v) 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 under the Credit Facilities 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 $250.0 million; (vi) 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; (vii) 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 (i) through (vi) above, in each case, as of such date, including, but not be limited to, money market funds or short-term and intermediate bonds funds; (viii) 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; (ix) 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; (x) investments made pursuant to the Parent's or any of its Restricted Subsidiaries' investment guidelines; (xi) deposits available for withdrawal on demand with commercial banks organized in the United States having capital and surplus in excess of $100.0 million; (xii) 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 (xiii) 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.

"*Cash Liquidity*" means, at any time, the aggregate amount of Unrestricted Cash of the Parent and its Restricted Subsidiaries, on a consolidated basis, at such time.

"*Change of Control*" means the occurrence of any of the following:

(1) the sale, lease, 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 the Parent 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 the 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 the Parent (measured by voting power rather than number of shares), other than, in the case of clause (1) above or this clause (2) (i) any such transaction where the Voting Stock of the 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 (ii) any sale, transfer, conveyance or other disposition to, or any merger or consolidation of the 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 (2), 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 avoidance of doubt, the merger or consolidation, if any, of the Parent with any Subsidiary of the Parent or any merger or consolidation, if any, of any Subsidiary of the Parent with any other Subsidiary of the Parent will not constitute a "Change of Control."

"*Clearstream*" means Clearstream Banking, S.A.

"*Closing Date*" means the date of original issuance of the Notes.

"*Co-Branded Card Agreements*" means that certain Co-Branded Credit Card Program Agreement, dated as of July 8, 2016, between American Airlines, Inc. and Barclays Bank Delaware, as amended, restated, supplemented or otherwise modified from time to time, that certain Co-Branded Credit Card Program Agreement, dated as of June 30, 2016, between American Airlines, Inc. and Citibank, N.A., as amended, restated, supplemented or otherwise modified from time to time, and any other similar agreements or agreements related to the sale of miles entered into by the Parent or any of its Subsidiaries from time to time.

"*Collateral*" means all of the "Collateral" as defined in the Security Agreements.

"*Collateral Agent*" means Wilmington Trust, National Association, in its capacity as such, until a successor replaces it in accordance with the applicable provisions of this Indenture and thereafter means the successor serving hereunder.

"*Collateral Change in Law*" has the meaning assigned to that term in the definition of "Core Collateral."

"*Collateral Coverage Failure*" means either (i) a Collateral Coverage Ratio Failure or (ii) a Core Collateral Failure.

"*Collateral Coverage Ratio*" means, as of any date of determination, the ratio of (i) the Appraised Value of the Collateral with respect to such date of determination to (ii) the sum, without duplication, of (a) the aggregate principal amount of all Pari Passu Debt then outstanding (excluding any LC Exposure that has been Cash Collateralized in accordance with the terms of the December 2016 Credit Agreement) *plus* (b) the aggregate amount of all Designated Hedging Obligations and Designated Banking Product Obligations that constitute Obligations then outstanding. All calculations of the Collateral Coverage Ratio shall be made by the Company in good faith. Neither the Trustee nor the Collateral Agent will have any responsibility for determining the Collateral Coverage Ratio. The capitalized terms "Cash Collateralized", "Designated Hedging Obligations" and "Designated Banking Product Obligations", "LC Exposure", and "Obligations" used in this definition have the meanings given to such terms in the December 2016 Credit Agreement. All calculations of the Collateral Coverage Ratio shall be made on a pro forma basis after giving effect to (except as otherwise provided herein) any release or Disposition of Collateral, the pledge of any Additional Collateral (including cash and Cash Equivalents) constituting Collateral, the incurrence of Pari Passu Debt and the application of the net proceeds therefrom, or the repayment of Pari Passu Debt, in each case occurring prior to or substantially concurrently with the applicable date of determination.

"*Collateral Coverage Ratio Certificate*" means an Officer's Certificate calculating the Collateral Coverage Ratio substantially in the form of Exhibit P hereto.

"*Collateral Coverage Ratio Failure*" means, 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*" means the Intercreditor Agreement, any Security Agreement, and any other security agreements, pledge agreements, collateral assignments, mortgages, deeds of trust, debentures, collateral agency agreements, collateral trust agreements, intercreditor agreements, control agreements or other grants or transfers for security executed and delivered by the Company and/or any Grantor creating (or purporting to create) a Lien upon Collateral in favor of the Collateral Agent, for the benefit of any of the Secured Parties, in each case, as amended, modified, renewed, restated or replaced, in whole or in part, from time to time, in accordance with its terms and Article 9 or Section 11.03 of this Indenture.

"*Collateral Proceeds Account*" means a segregated account or accounts held by or under the control of the Collateral Agent (or, prior to the Discharge of Senior Priority Obligations, the Senior

Priority Representative, on behalf of the Secured Parties (as defined in the Intercreditor Agreement) pursuant to the Intercreditor Agreement) into which the Net Proceeds of any Recovery Event or Disposition of Collateral may be deposited.

"*Commuter Slot*" means 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).

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

"*Comparable Treasury Issue*" means the United States Treasury security selected by the Quotation Agent as having a maturity comparable to the First Call Date that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the First Call Date.

"*Comparable Treasury Price*" means, with respect to any date of redemption, repayment, prepayment, satisfaction or discharge of Notes in connection with which the Applicable Premium is payable, the average of two Reference Treasury Dealer Quotations for such date of redemption, repayment, prepayment, satisfaction or discharge.

"*Competitor*" means any Person that is or becomes a competitor of the Company and is designated by the Company as such in a writing provided to the Trustee and, for so long as any GS Purchaser Beneficially Owns any Notes, the GS Purchasers.

"*Consolidated EBITDAR*" means, 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 the 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 the 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 Merger, any Airlines Merger or any Airline/Company 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; *minus*

(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 (i) income tax credits and (ii) interest income included in computing such Consolidated Net Income;

in each case, determined on a consolidated basis in accordance with GAAP.

"*Consolidated Net Income*" means, 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 (or 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 Parent's reorganization plan in connection with the AMR Merger, any Airline/Company Merger or Airlines Merger); 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 Investment, acquisition, disposition, recapitalization or incurrence or repayment of Indebtedness permitted under this Indenture, including a refinancing thereof (in each case whether or not successful) (including but not limited to any one or more of the AMR Merger, any Airlines Merger and any Airline/Company 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 a 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 Accounting Standards Codification 815—Derivatives and Hedging 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, writedown 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 Merger, any Airlines Merger and any Airline/Company 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*" means, as of any date of determination, Consolidated Total Assets of the 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*" means, as of any date of determination, the sum of the amounts that would appear on a consolidated balance sheet of the Parent and its consolidated Restricted Subsidiaries as the total assets of the Parent and its Restricted Subsidiaries in accordance with GAAP.

"*continuing*" means, with respect to any Default or Event of Default, that such Default or Event of Default has not been cured or waived.

"*Controlling Party*" means (a) prior to the Disposition Date, the GS Purchasers, and (b) from and after the Disposition Date, Holders of at least a majority in aggregate principal amount of the outstanding Notes.

"*Convertible Indebtedness*" means Indebtedness of the Parent or a Restricted Subsidiary of the Parent (which may be guaranteed by the Parent) permitted to be incurred under the terms of this Indenture that is either (a) convertible or exchangeable into common stock of the Parent or a parent company of the 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 the Parent or a parent company of the issuer and/or cash (in an amount determined by reference to the price of such common stock).

"*Core Collateral*" means the following assets:

(1) a number of FAA Slots (other than any Temporary Slots) held by the Company at DCA that is not less than the sum of (A) the product of (I) 66% and (II) 339 (or such other number that the Company may, with the consent of the Controlling Party, certify to in an officer's certificate after the Closing Date as being the total number of FAA Slots (other than any Temporary Slots) that are Mainline Slots held by the Company at DCA) and (B) the product of (I) 66% and (II) 145 (or such other number that the Company may, with the consent of the Controlling Party, certify to in an officer's certificate after the Closing Date as being the total number of FAA Slots (other than any Temporary Slots) that are Commuter Slots held by the Company at DCA); and

(2) a number of FAA Slots (other than any Temporary Slots) held by the Company at LGA that is not less than the product of (I) 66% and (II) 329 (or such other number that the Company may, with the consent of the Controlling Party, certify to in an officer's certificate after the Closing Date as being the total number of FAA Slots (other than any Temporary Slots) held by the Company at LGA).

Notwithstanding the foregoing, with respect to any Slots constituting all or any portion of the Core Collateral, if any change in applicable law, rule, regulation or treaty or any change in interpretation thereof, in each case, arising following the Closing Date (a "*Collateral Change in Law*"), would result, directly or indirectly, in the pledge of such Collateral to the Collateral Agent (i) constituting 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) constituting a violation, default or breach of any term of any agreement for Indebtedness or any security agreement to which such Grantor was party prior to such Collateral Change in Law or (iii) entitling 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), then the Core Collateral shall be deemed to exclude such Slots so long as after giving pro forma effect to such exclusion (and giving effect to the inclusion of any Additional Collateral and the prepayment or redemption of any Pari Passu Debt), no Collateral Coverage Ratio Failure shall have occurred.

"*Core Collateral Failure*" means, as of any date of determination, the failure of the Collateral to include the Core Collateral as of such date.

"*Corporate Trust Office*" means the office of the Trustee at which at any particular time its corporate trust business related to this Indenture shall be principally administered.

"*Credit Agreements*" means (1) the 2013 Credit Agreement, (2) the 2014 Credit Agreement, (3) the April 2016 Credit Agreement, (4) the December 2016 Credit Agreement, and (5) any debt facility or credit agreement provided pursuant to any governmental authority.

"*Credit Card*" means any agreement or plan relating to a credit card, debit card, charge card, purchasing card or other similar system.

"*Credit Facilities*" means, one or more debt facilities, commercial paper facilities, reimbursement agreements or other agreements, including, without limitation, the Credit Agreements, 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 maturity, termination or otherwise) or refinanced (including by means of sales of debt securities) in whole or in part from time to time.

"*Cure Collateral*" means Additional Collateral provided pursuant to Section 4.14(b) in order to comply with Section 4.14.

"*Custodian*" means the Trustee, as custodian with respect to the Notes in global form, or any successor entity thereto.

"*DCA*" means Ronald Reagan Washington National Airport, Washington D.C.

"*December 2016 Credit Agreement*" means that certain credit and guaranty agreement, dated as of December 15, 2016, by and among American, as borrower, the Parent, as a guarantor, certain other subsidiaries of the Parent, as guarantors, the lenders party thereto from time to time and Citibank, N.A., as administrative agent and collateral agent, as amended, restated, modified, renewed, extended, refunded or replaced in any manner (whether upon or after maturity, termination or otherwise) or refinanced (including by means of sales of debt securities) in whole or in part from time to time.

"*Default*" means any event which, unless cured or waived, is, or after notice or passage of time or both would be, an Event of Default.

"*Definitive Note*" means a certificated Note registered in the name of the Holder thereof and issued in accordance with Section 2.06 hereof, substantially in the form of Exhibit A hereto except that such Note shall not bear the Global Note Legend and shall not have the "Schedule of Exchanges of Interests in the Global Note" attached thereto.

"*Depositary*" means, with respect to the Notes issuable or issued in whole or in part in global form, the Person specified in Section 2.03 hereof as the Depositary with respect to the Notes, and any and all successors thereto appointed as Depositary hereunder and having become such pursuant to the applicable provision of this Indenture.

"*Discharge of Senior Priority Obligations*" shall have the meaning set forth in the Intercreditor Agreement.

"*Disposition*" means, with respect to any property, any sale, lease, sale and leaseback, conveyance, transfer or other disposition thereof; *provided*, that (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 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 service provider and any such purpose or for transfer from one location owned or used by the Company (or of any other Grantor under a Collateral Document granting a security interest 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 Company 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. The terms "*Dispose*" and "*Disposed of*" shall have correlative meanings.

"*Disposition Date*" means the first date occurring after the Closing Date on which the GS Purchasers (in the aggregate) cease to Beneficially Own more than 50% of the aggregate principal amount of the then outstanding Notes. The Disposition Date shall not be deemed to have occurred unless the Company, the Trustee and the Collateral Agent have received written notice from the GS Purchasers that the Disposition Date has occurred (it being understood that the Company, the Trustee and the Collateral Agent will be entitled to rely on any such written notice from the GS Purchasers (or the absence of any such written notice from the GS Purchasers) for purposes of this Indenture).

"*Disqualified Stock*" means 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 date on which the Notes mature. 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 the Parent or any Restricted Subsidiary 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 the 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 4.07 hereof. The amount of Disqualified Stock deemed to be outstanding at any time for purposes of this Indenture will be the maximum amount that the 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.

"*Domestic Subsidiary*" means 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*" means the United States Department of Transportation and any successor thereto.

"*Equity Interests*" means 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).

"*ERISA*" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated thereunder.

"*ERISA Affiliate*" means any trade or business (whether or not incorporated) that, together with American, 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.

"*Euroclear*" means Euroclear Bank, S.A./N.V., as operator of the Euroclear system.

"*Exchange Act*" means the Securities Exchange Act of 1934, as amended.

"*Excluded Contributions*" means net cash proceeds received by the 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 the 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 Section 4.07(a)(2) hereof.

"*Excluded Subsidiary*" means 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 Company and the Applicable Party reasonably agree that the burden or cost or other consequences of providing a guarantee of the Note 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 Company and notified in writing to the Trustee), (7) that is an Unrestricted Subsidiary, (8) that is a Foreign Subsidiary or (9) AWHQ LLC.

"*Existing Indebtedness*" means all Indebtedness of the Parent and its Subsidiaries (other than Indebtedness incurred under clause (1) or (3) of the definition of "*Permitted Debt*") in existence on the Closing Date until such amounts are repaid.

"*Existing Notes*" means (1) the 5.000% Senior Notes due 2022, issued by the Parent and guaranteed by American, (2) the 3.75% Senior Notes due 2025, issued by the Parent and guaranteed by American, and (3) the 11.75% Senior Secured Notes due 2025, issued by American and guaranteed by the Parent.

"*FAA*" means the United States Federal Aviation Administration and any successor thereto.

"*FAA Slot*" means, 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.

"*Fair Market Value*" means 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 an Officer of the Parent; *provided* that any such 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.

"*Finance Lease Obligation*" means, 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 accounted for as a financing or capital lease (and, for avoidance of doubt, not a straight-line or operating lease) on both the balance sheet and income statement for financial reporting purposes in accordance with GAAP as in effect prior to giving effect to the adoption of Accounting Standards Update ("ASU") No. 2016-02 "Leases (Topic 842)" and ASU No. 2018-11 "Leases (Topic 842)," and the Scheduled 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.

"*First Call Date*" means September 26, 2024.

"*Fixed Charge Coverage Ratio*" means with respect to any specified Person for any specified period, the ratio of the Consolidated EBITDAR of such Person for such period to the Fixed Charges of such Person for such period. If the specified Person or any of its Restricted Subsidiaries incurs, assumes, guarantees, repays, repurchases, redeems, defeases or otherwise discharges any Indebtedness (other than ordinary working capital borrowings) or issues, repurchases or redeems Disqualified Stock or preferred stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "*Calculation Date*"), then the Fixed Charge Coverage Ratio will be calculated giving pro forma effect (as determined in good faith by a responsible financial or accounting officer of the Parent) to such incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance or other discharge of Indebtedness, or such issuance, repurchase or redemption of Disqualified Stock or preferred stock, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable four-quarter reference period. In addition, for purposes of calculating the Fixed Charge Coverage Ratio:

(1) acquisitions that have been made by the specified Person or any of its Restricted Subsidiaries, including through mergers or consolidations, or any Person or any of its Restricted Subsidiaries acquired by the specified Person or any of its Restricted Subsidiaries, and including all related financing transactions and including increases in ownership of Restricted Subsidiaries, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date, or that are to be made on the Calculation Date, will be given pro forma effect (as determined in good faith by a responsible financial or accounting officer of the Parent and certified in an Officer's Certificate delivered to the Trustee, and including any operating expense reductions for such period resulting from such acquisition that have been realized or for which all of the material steps necessary for realization have been taken) as if they had occurred on the first day of the four-quarter reference period;

(2) the Consolidated EBITDAR attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded;

(3) the Fixed Charges attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded, but only to the extent that the obligations giving rise to such Fixed Charges will not be obligations of the specified Person or any of its Restricted Subsidiaries following the Calculation Date;

(4) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four-quarter period;

(5) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four-quarter period; and

(6) if any Indebtedness bears a floating rate of interest, the interest expense on such Indebtedness will be calculated as if the rate in effect on the Calculation Date had been

the applicable rate for the entire period (taking into account any Hedging Obligation applicable to such Indebtedness if such Hedging Obligation has a remaining term as at the Calculation Date in excess of 12 months).

"*Fixed Charges*" means, 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 Finance Lease Obligations 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 the Parent or a Restricted Subsidiary of the 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*" means the flight simulators and flight training devices owned by the Parent or any of its Restricted Subsidiaries.

"*Flyer Miles Obligations*" means, at any date of determination, all payment and performance obligations of the Parent or any of its Subsidiaries under any card marketing agreement with respect to credit cards co-branded by the Parent or any of its Subsidiaries 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 the Parent or any of its Subsidiaries with any bank, as amended, restated, modified, supplemented, replaced or extended from time to time.

"*Foreign Aviation Authority*" means 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*" means, 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 Slot*" means, 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*" means 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*" means generally accepted accounting principles in the United States of America, which, unless otherwise stated in connection with a particular metric, 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.

"*Gate Leasehold*" means 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*" means the First Lien Security Agreement, dated as of the date hereof by and among the Company, 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 Collateral Agent substantially in the form of Exhibit J hereto, in each case as amended, restated, amended and restated, supplemented or otherwise modified, renewed or replaced from time to time.

"*Global Note Legend*" means the legend set forth in Section 2.06(f)(2) hereof, which is required to be placed on all Global Notes issued under this Indenture.

"*Global Notes*" means, individually and collectively, each of the Restricted Global Notes and the Unrestricted Global Notes deposited with or on behalf of and registered in the name of the Depositary or its nominee, substantially in the form of Exhibit A hereto and that bears the Global Note Legend and that has the "Schedule of Exchanges of Interests in the Global Note" attached thereto, issued in accordance with Section 2.01, 2.06(a), 2.06(b)(3), 2.06(b)(4), 2.06(d)(1), 2.06(d)(2) or 2.06(d)(3) hereof.

"*Government Securities*" means direct obligations of, or obligations guaranteed by, the United States of America, and the payment for which the United States pledges its full faith and credit and which are not callable or redeemable at the issuer's option.

"*Governmental Authority*" means 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*" means (i) the Company and (ii) any Guarantor that may from time to time provide a security interest in Collateral pursuant to the Collateral Documents.

"*Ground Service Equipment*" means the ground service equipment, de-icers, ground support equipment, aircraft cleaning devices, materials handling equipment, passenger walkways and other similar equipment owned by the Parent or any of its Restricted Subsidiaries.

"*GS Initial Purchaser*" means each of West Street Strategic Solutions Fund I, L.P., WSSS Investment Holdings B, L.P., WSSS Investments I, LLC and WSSS Investments F, Inc., and their successors.

"*GS Person*" means (i) each GS Initial Purchaser, (ii) each other affiliated investment entity and/or other affiliate of Goldman Sachs & Co. LLC, (iii) each fund, investment entity or institutional account that is managed or sponsored by Goldman Sachs & Co. LLC or its affiliates and (iv)(a) each limited partner or investor in any investment entity, fund or other investment vehicle described in clauses (i), (ii) and (iii) and (b) each Affiliate or Approved Fund of any Person described in clause (iv)(a).

"*GS Purchaser*" means (i) each GS Initial Purchaser, (ii) each other affiliated investment entity and/or other affiliate of Goldman Sachs & Co. LLC, (iii) each fund, investment entity or institutional account that is managed or sponsored by Goldman Sachs & Co. LLC or its affiliates, in the case of each of the foregoing clauses (ii) and (iii), to the extent such Person is or becomes a Beneficial Owner of Notes or to which any Notes (or beneficial interests therein) are transferred or assigned.

"*Guarantee*" means a guarantee (other than (i) by endorsement of negotiable instruments for collection or (ii) 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).

"*Guarantors*" means, initially, the Parent, and after the date hereof, any Person that guarantees the Notes in accordance with Section 4.19 or Section 9.01(j) hereof, and their respective successors and assigns, in each case, until the Note Guarantee of such Person has been released in accordance with the provisions of this Indenture.

"*Hedging Obligations*" means, 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 avoidance of doubt, any Permitted Convertible Indebtedness Call Transaction will not constitute Hedging Obligations.

"*Holder*" means a Person in whose name a Note is registered.

"*ICF*" means ICF International, formerly known as ICF SH&E, Inc.

"*Immaterial Subsidiaries*" means 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 Note Obligations, any Pari Passu Debt or any Indebtedness secured by Junior Liens or (2) owns any properties or assets that constitute Collateral.

"*Indebtedness*" means, with respect to any specified Person, any indebtedness of such Person (excluding 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 Finance 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, but 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 Financial Accounting Standards Board Accounting Standards Codification 815—Derivatives and Hedging and related interpretations to the extent such effects would otherwise increase or decrease an amount of Indebtedness for any purpose under this Indenture as a result of accounting for any embedded derivatives created by the terms of such Indebtedness.

Notwithstanding the foregoing, none of the following will constitute Indebtedness: (a) Banking Product Obligations, (b) obligations under leases (other than leases determined to be Finance Lease Obligations under GAAP as in effect on the Closing Date), (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 the Parent'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 any of the Co-Branded Card Agreements, (i) a deferral of pre-delivery payments relating to the purchase of Aircraft Related Equipment, (j) obligations under any of the flyer miles participation agreements, (k) air traffic liability, (l) payment obligations in connection with health or other types of social security benefits, (m) payment obligations in connection with lease maintenance return conditions on leased aircraft, (n) reserves for capital tax obligations and (o) reserves for obligations under land leases.

"*Indenture*" means this Indenture, as amended or supplemented from time to time.

"*Indirect Participant*" means a Person who holds a beneficial interest in a Global Note through a Participant.

"*Initial Appraisal*" means the most recent Appraisals delivered prior to the Closing Date pursuant to Section 5.06 of the December 2016 Credit Agreement.

"*Initial Collateral Release Date*" means the occurrence of a Disposition of Collateral that is not a Permitted Disposition pursuant to the terms hereof.

"*Initial Purchaser*" has the meaning set forth in the Note Purchase Agreement.

"*Institutional Accredited Investor*" means an institution that is an "accredited investor" as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act, who are not also QIBs.

"*Intercreditor Agreement*" means that certain Intercreditor Agreement, dated the date hereof, by and between Citibank, N.A., as original first lien agent, Wilmington Trust, National Association, as collateral agent for the Notes, and Wilmington Trust, National Association, as Collateral Agent, as amended, restated, amended and restated, supplemented or otherwise modified, renewed or replaced from time to time.

"*Interest Payment Date*" has the meaning set forth in Exhibit A attached hereto.

"*Investments*" means, 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 the Parent or any Restricted Subsidiary of the Parent sells or otherwise disposes of any Equity Interests of any direct or indirect Restricted Subsidiary of the 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 the Parent, the 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 the Parent's Investments in such Subsidiary that were not sold or disposed of in an amount determined as provided in Section 4.07(e) hereof. Notwithstanding the foregoing, any Equity Interests retained by the 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 the Parent or any Restricted Subsidiary of the Parent after the Closing Date of a Person that holds an Investment in a third Person will be deemed to be an Investment by the 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 4.07(e) hereof. Except as otherwise provided in this Indenture, the amount of an Investment will be determined at the time the Investment is made and without giving effect to subsequent changes in value.

"*IP Notes*" means the $1,000.0 million aggregate principal amount of the Company's 10.75% / 12.00% PIK Senior Secured IP Notes due 2026, issued on the Closing Date.

"*Junior Lien*" means a Lien on the Collateral securing Indebtedness, Flyer Miles Obligations and/or other obligations, which Lien ranks junior to the Liens on the Collateral securing the Notes pursuant to the Intercreditor Agreement or any Other Intercreditor Agreement.

"*LGA*" means LaGuardia Airport, New York.

"*Lien*" means, 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 (5) 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 Uniform Commercial Code (or equivalent statutes) of any jurisdiction.

"*Liquidity*" means the sum of (i) all unrestricted cash and Cash Equivalents of the Parent and its Restricted Subsidiaries, (ii) cash and Cash Equivalents of the Parent and its Restricted Subsidiaries restricted in favor of any Pari Passu Debt, (iii) the aggregate principal amount committed and available to be drawn by the Parent and its Restricted Subsidiaries (taking into account all borrowing base limitations or other restrictions) under all revolving credit facilities of the 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 the 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).

"*Mainline Slot*" means any FAA Slot that is not a Commuter Slot.

"*Marketing and Service Agreements*" means those certain business, marketing and service agreements among the Parent and/or any of its Subsidiaries and regional airline carriers 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, marketing, alliance and joint business agreements that are entered into in the Ordinary Course of Business.

"*Material Adverse Effect*" means a material adverse effect on (a) the consolidated business, operations or financial condition of the Parent and its Restricted Subsidiaries, taken as a whole, (b) the validity or enforceability of any of this Indenture or the Collateral Documents or the rights or remedies of the Trustee, the Collateral Agent and the Holders of the Notes or (c) the ability of the Company and the Guarantors, taken as a whole, to pay the Note Obligations; *provided* that, for avoidance of doubt, any action taken or not taken within two years from the Closing Date in connection with or in furtherance of the AMR Merger and/or any related Airlines Merger shall be deemed not to constitute a Material Adverse Effect.

"*Material Indebtedness*" means any Indebtedness of the Company and/or Restricted Subsidiaries (other than the Notes) outstanding under the same agreement in a principal amount exceeding $150,000,000.

"*Maturity Date*" means February 15, 2026, the final scheduled maturity date of the Notes; provided that the final scheduled maturity date of the Notes (and the "Maturity Date") may be changed to an earlier date in accordance with Section 9.01(n).

"*MBA*" means Morten, Beyer & Agnew.

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

"*Mortgage*" means any mortgage, deed of trust or similar security instrument with respect to Real Property Assets constituting Collateral, as amended, restated, amended and restated, supplemented or otherwise modified, renewed or replaced from time to time.

"*Net Proceeds*" means the aggregate cash and Cash Equivalents received by the 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 the 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.

"*Non-Recourse Debt*" means Indebtedness:

(1) as to which neither the 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 the Parent or any of its Restricted Subsidiaries (other than the Equity Interests of an Unrestricted Subsidiary).

"*Non-Recourse Financing Subsidiary*" means 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.

"*Non-U.S. Person*" means a Person who is not a U.S. Person.

"*Note Guarantee*" means the Guarantee by the Parent of the Note Obligations or any other person providing a Guarantee pursuant to Section 4.19 or 9.01(j) under this Indenture and the Notes, executed pursuant to the provisions of this Indenture.

"*Note Obligations*" means all principal of, the Applicable Premium on, and interest on (including PIK Interest, if any; in case of default, interest on principal and, to the extent permitted by applicable law, on overdue interest; interest accruing after the maturity of the Notes; and interest accruing after the filing of any petition of bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to the Company, any Guarantor or any Grantor, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding) the Notes, when and as the same shall become due and payable, whether at Stated Maturity, upon redemption, upon acceleration, upon tender for repayment at the option of any Holder or otherwise, according to the terms thereof and of this Indenture and all other obligations and liabilities of the Company, the

Guarantors and the Grantors with respect to the Notes, this Indenture, the Collateral Documents and the Note Purchase Agreement, whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, to any Holder, the Collateral Agent or the Trustee, whether on account of principal, the Applicable Premium, interest, fees, indemnities, out-of-pocket costs, and expenses (including all fees, charges and disbursements of counsel to the Trustee, the Collateral Agent or any GS Purchaser that are required to be paid by the Company pursuant to this Indenture or the Note Purchase Agreement) or otherwise.

"*Note Purchase Agreement*" means the Note Purchase Agreement, dated as of the Closing Date, among the Company, the Parent and the Initial Purchasers, as amended, restated, supplemented or otherwise modified from time to time.

"*Notes*" has the meaning assigned to it in the preamble to this Indenture.

"*Obligations*" means, with respect to any Indebtedness, any principal (including reimbursement obligations with respect to letters of credit whether or not drawn), interest (including all interest and fees accrued thereon after the commencement of any insolvency or liquidation proceeding at the rate, including any applicable post-default rate, specified in such indebtedness, even if such interest or fees are not enforceable, allowable or allowed as a claim in such proceeding), premium (if any), fees, indemnifications, reimbursements, expenses and other liabilities, in each case payable under the documentation governing such Indebtedness.

"*Officer*" means, with respect to any Person, the Chairman of the Board of Directors, the Chief Executive Officer, the President, the Chief Operating Officer, the Chief Financial Officer, the Treasurer, any Assistant Secretary, Assistant Treasurer, the Controller, the Secretary or any Executive Vice President, Senior Vice President or Vice-President of such Person.

"*Officer's Certificate*" means a certificate signed on behalf of the Company by any one of the following officers of the Company: the principal executive officer, the principal financial officer, the treasurer or the principal accounting officer of the Company, that meets the requirements of Section 12.03 hereof.

"*Operating Lease*" means, 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 Finance Lease Obligations.

"*Opinion of Counsel*" means an opinion from legal counsel who is reasonably acceptable to the Trustee, that meets the requirements of Section 12.03 hereof. The counsel may be an employee of or counsel to the Company, any Subsidiary of the Company or the Trustee.

"*Ordinary Course of Business*" means, with respect to the 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, the 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*" means a customary intercreditor agreement comparable to the Intercreditor Agreement reasonably acceptable to the Controlling Party (*provided* that (i) any intercreditor agreement that is substantially in the form of the Intercreditor Agreement will be deemed to be acceptable to the Controlling Party and (ii) on or after the Disposition Date, any intercreditor agreement the terms of which, taken as a whole, are no less favorable to the Secured Parties than the terms of the Intercreditor Agreement, taken as a whole, (as reasonably determined by the Company) will be deemed to be acceptable to the Controlling Party).

"*Other Pari Passu Debt Amount*" means, with respect to any Net Proceeds, the lesser of (i) any amount of such Net Proceeds that is required to be applied to repay, prepay, purchase or redeem any Pari Passu Debt (other than the Notes) and (ii) the product of (x) the amount of such Net Proceeds and (y) a fraction, the numerator of which is the outstanding principal amount of such other Pari Passu Debt and the denominator of which is the aggregate outstanding principal amount of the Notes and such other Pari Passu Debt.

"*PAC*" means Panum Aviation Consulting.

"*Parent*" means American Airlines Group Inc., a Delaware corporation, and its successors.

"*Pari Passu Debt*" means (i) the Notes and the Note Obligations, (ii) all Indebtedness under the December 2016 Credit Agreement and (iii) all other Indebtedness secured by a Pari Passu Lien.

"*Pari Passu Lien*" means a Lien on the Collateral that is *pari passu* with the Liens on the Collateral securing the Note Obligations.

"*Participant*" means, with respect to the Depositary, Euroclear or Clearstream, a Person who has an account with the Depositary, Euroclear or Clearstream, respectively (and, with respect to DTC, shall include Euroclear and Clearstream).

"*Permitted Bond Hedge Transaction*" means any call or capped call option (or substantively equivalent derivative transaction) on the Parent's common stock (or a parent company of the 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*" means any business that is similar, or reasonably related, ancillary, supportive or complementary to, or any reasonable extension of the business in which the Parent and its Restricted Subsidiaries are engaged on the Closing Date.

"*Permitted Convertible Indebtedness Call Transaction*" means any Permitted Bond Hedge Transaction and any Permitted Warrant Transaction.

"*Permitted Investments*" means:

(1) any Investment in the Parent or in a Restricted Subsidiary of the Parent;

(2) any Investment in cash, Cash Equivalents and any foreign equivalents;

(3) any Investment by the Parent or any Restricted Subsidiary of the Parent in a Person, if as a result of such Investment:

(a) such Person becomes a Restricted Subsidiary of the 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, the Parent or a Restricted Subsidiary of the 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, 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 the Parent or any of its Subsidiaries in connection with any Hedging Obligation);

(8) loans or advances to officers, directors or employees made in the Ordinary Course of Business in an aggregate principal amount not to exceed $30.0 million at any one time outstanding;

(9) redemption or purchase of the Notes;

(10) any Guarantee of Indebtedness permitted to be incurred by Section 4.08 hereof other than a Guarantee of Indebtedness of an Affiliate of the Parent that is not a Restricted Subsidiary of the Parent;

(11) any Investment of the Parent and its Restricted Subsidiaries 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 such 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 Indenture;

(12) Investments or commitments to make Investments acquired after the Closing Date and any other Investments consisting of extensions, modifications or renewals of such

Investments as a result of the acquisition by the Parent or any Restricted Subsidiary of the Parent of another Person, including by way of a merger, amalgamation or consolidation with or into the Parent or any of its Restricted Subsidiaries in a transaction that is not prohibited by Section 5.01 hereof 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 the Parent or a Subsidiary of the 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 Investments 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 the 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 $300.0 million;

(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 the Parent or any of its Affiliates operate, in an aggregate amount outstanding at any time not to exceed $300.0 million;

(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 $300.0 million 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 the 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 $30.0 million 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 the Parent or any other Guarantor, in an aggregate amount outstanding at any time not to exceed $300.0 million;

(29) Investments in connection with outsourcing initiatives in the Ordinary Course of Business;

(30) guarantees incurred in the Ordinary Course of Business of obligations that do not constitute Indebtedness of any regional air carrier doing business with the Parent or any of its Restricted Subsidiaries in connection with the regional air carrier's business with the Parent or such Restricted Subsidiary; advances to airport operators of landing fees and other customary airport charges for carriers on behalf of which the Parent or any of its Restricted Subsidiaries provides ground handling services;

(31) so long as no Default has occurred and is continuing, any Investment by the Parent and/or any Restricted Subsidiary of the Parent; and

(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 the Parent or any Restricted Subsidiary of the Parent and the Parent has determined that the incurrence of such Indebtedness is beneficial to the business of the Parent or any of its Restricted Subsidiaries, in an aggregate amount outstanding at any time not to exceed $300.0 million.

"*Permitted Disposition*" means any of the following:

(1) Dispositions between or among any of (x) if the Parent is a Grantor (or the Parent shall become a Grantor simultaneous with such Disposition), the Parent, and (y) 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 Applicable Party, concurrently with, or promptly after, such Disposition, the Collateral Agent shall receive an Opinion of 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, 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 Applicable Party; *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 for the benefit of the Secured Parties;

(2) any Liens not prohibited by Section 4.12 (other than any Liens pursuant to clause (12) of the definition of "Permitted Liens");

(3) Disposition of cash or Cash Equivalents in exchange for other cash or Cash Equivalents constituting Collateral and having reasonably equivalent value therefor;

(4) the abandonment or Disposition of assets (other than Pledged Slots) no longer useful or used in the business of Parent and its Restricted Subsidiaries; *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 the Parent and its Restricted Subsidiaries taken as a whole;

(5) 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 (5)(A), a Responsible Officer of the Company determines in good faith and certifies in a Collateral Coverage Ratio Certificate delivered to the Trustee and the Collateral 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 Company shall deliver to the Trustee and the Collateral 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;

(6) 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 Company 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 Company or any of its Affiliates for purposes of this clause (6);

(7) 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 Company), 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 Company 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 Company or any of its Affiliates in connection with such Disposition shall not constitute consideration;

(8) 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 Engines Security Agreement;

(9) 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 4.15); and

(10) any Slot Arrangement not otherwise permitted in clauses (1) through (9) above, so long as:

(i) (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 Applicable Party (provided that, in connection with the Collateral Agent's enforcement of any remedies under this Indenture, the Collateral Agent shall not terminate or otherwise interfere with such Slot Arrangement prior to its expiration pursuant to the terms thereof), (B) as of the date of the entry into such Slot Arrangement, no Event of Default shall have occurred and be continuing and (C) as of the date of the entry into such Slot Arrangement, the Company shall be in compliance with Section 6.08;

(ii) such Slot Arrangement is effected in the Ordinary Course of Business of the Parent or any Subsidiary of the Parent in managing its portfolio of Slots and does not result in the sale or loss of the Parent's or such Subsidiary of the 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, (a) such Slot Arrangement shall be subject and subordinate to the rights (including remedies) of the Trustee and the Collateral Agent under the applicable Collateral Documents or (b) if all Pledged Slots subject to such Slot Arrangement were excluded from the Collateral, no Collateral Coverage Failure would occur; *provided further*, that for 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;

(iii) such Slot Arrangement is for purposes of operations by another airline operating under a brand associated with the Company or otherwise operating routes at the Company's direction under a code share agreement, capacity purchase agreement, pro-rate agreement or similar arrangement between such airline and the Company; *provided*, that such Slot Arrangement shall not result in the sale or loss of the Parent's or any Subsidiary of the 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, (a) such Slot Arrangement shall be subject and subordinate to the rights (including remedies) of the Trustee and the Collateral Agent under the applicable Collateral Documents or (b) if all Pledged Slots subject to such Slot Arrangement were excluded from the Collateral, no Collateral Coverage Failure would occur; *provided further*, that for 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

(iv) 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 Applicable Party.

"*Permitted Liens*" means:

(1) Liens held by the Collateral Agent securing the Note Obligations;

(2) 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;

(3) 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;

(4) Liens arising by operation of law in connection with judgments, attachments or awards which do not constitute an Event of Default hereunder;

(5) 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;

(6) (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 any letter of credit account or the Collateral Proceeds Account;

(7) 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 the 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;

(8) 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 the 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 the Parent and its Subsidiaries, taken

as a whole and (C) do not materially adversely affect the marketability of the applicable property;

(9) 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;

(10) 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;

(11) Liens incurred in the Ordinary Course of Business of the Parent or any Restricted Subsidiary of the Parent with respect to obligations that do not exceed in the aggregate $30,000,000 at any one time outstanding; *provided* that such Liens do not secure any Indebtedness (other than Finance Lease Obligations) or Flyer Miles Obligations;

(12) Liens directly resulting from (x) any Disposition permitted under Section 4.15 or (y) any sale of such Collateral in compliance with Section 4.15 (in each case of this clause (12), other than any Disposition or sale pursuant to clause (4) of the definition of "Permitted Disposition";

(13) any (x) 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 and (y) Liens due to any Collateral Change in Law that applies to any Collateral;

(14) 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;

(15) 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 Company or the applicable Grantor pays such vendor within 60 days of such purchase;

(16) Liens on Collateral permitted by any of the Collateral Documents;

(17) Pari Passu Liens securing (a) (I) Indebtedness and other Obligations under the December 2016 Credit Agreement (including the revolving and term loan facilities thereof) and/or (II) any Indebtedness issued or incurred in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, extend, defease or discharge any Indebtedness or other Obligations specified in the foregoing clause (I); *provided* that in the case of clause (a)(I) (in connection with any incurrence of Indebtedness under the December 2016 Credit Agreement) and in the case of clause (a)(II), immediately after giving pro forma effect thereto, the use of proceeds therefrom and the pledge of additional assets as Additional Collateral (if any), the Collateral Coverage Ratio shall be no less than 1.6 to 1.0, (b) [Reserved] and (c) other Pari Passu Debt and all Obligations relating thereto; *provided* that in the case of this clause (c), (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 not secured by any property or assets other than the Collateral (unless such property or assets also secure the Note Obligations on a *pari passu* basis with such Indebtedness), and such Indebtedness is subject to the Intercreditor Agreement or any Other Intercreditor Agreement; (iii) such Indebtedness shall benefit only from substantially the same guarantees as the guarantees of the Notes; (iv) such Indebtedness shall not mature earlier than, or have a Weighted Average Life to Maturity shorter than, that of the Notes (unless the final scheduled maturity date of the Notes (and the "Maturity Date") is changed to an earlier date in accordance with Section 9.01(n) to the extent necessary so that such Indebtedness does not mature earlier than, or have a Weighted Average Life to Maturity shorter than, that of the Notes; *provided* that, if, after giving effect thereto, the Notes would become due and payable on or prior to the fifth anniversary of the Closing Date, then the Company must pay the Applicable Premium upon any such date that the Notes become due and payable (including on the Maturity Date (as so changed))); and (d) 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 the foregoing clauses (b) or (c) of this clause (17); *provided* that in the case of this clause (d), immediately after giving pro forma effect thereto, the use of proceeds therefrom and the pledge of additional assets as Additional Collateral (if any), the Collateral Coverage Ratio shall be no less than 1.6 to 1.0;

(18) 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;

(19) in the case of any leased real property, any interest or title of the lessor thereof;

(20) Liens of creditors of any Person to whom the 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;

(21) Liens on Pledged Slots attributable to any Slot Arrangement or to the usage of any Slot by the Company or an Affiliate of the Company;

(22) 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;

(23) Liens arising from precautionary UCC and similar financing statements relating to Operating Leases not otherwise prohibited under this Indenture or any Collateral Document;

(24) 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 the Parent or any Subsidiary of the Parent, so long as such Liens are subject and subordinate to the Lien of the Collateral Agent on such Collateral; and

(25) Junior Liens (including the Junior Liens securing the IP Notes and all Obligations relating thereto); *provided* that such Liens, and the Indebtedness or other Obligations secured thereby, are subject to the Intercreditor Agreement or an Other Intercreditor Agreement.

"*Permitted Refinancing Indebtedness*" means any Indebtedness (or commitments in respect thereof) of the Parent or any of its Restricted Subsidiaries issued in exchange for, or the net proceeds of which are used to renew, refund, extend, refinance, replace, defease or discharge other Indebtedness of the 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 all or a portion of 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 maturity date of the Notes (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 final maturity date of the Notes;

(3) if the Indebtedness being renewed, refunded, extended, refinanced, replaced, defeased or discharged is subordinated in right of payment to the Notes, such Permitted Refinancing Indebtedness is subordinated in right of payment to the Notes on terms at least as favorable to the Holders of Notes 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 the 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*" means any call option, warrant or right to purchase (or substantively equivalent derivative transaction) on the Parent's common stock (or a parent company of the Parent's common stock) sold by the Parent substantially concurrently with any purchase of a related Permitted Bond Hedge Transaction.

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

"*Plan*" means 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 Company 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*" means, as of any date, the Foreign Gate Leaseholds included in the Collateral as of such date, if any.

"*Pledged Gate Leaseholds*" means, as of any date, the Gate Leaseholds included in the Collateral as of such date, if any.

"*Pledged Route Authorities*" means, as of any date, the Route Authorities included in the Collateral as of such date, if any.

"*Pledged Slots*" means, as of any date, the Slots included in the Collateral as of such date, if any.

"*Pledged Spare Parts*" means, as of any date, the Spare Parts included in the Collateral as of such date, if any.

"*Precedent SGR Appraisal*" means 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, the Company and Citibank N.A., as administrative agent and collateral agent.

"*Private Placement Legend*" means the legend set forth in Section 2.06(f)(1) hereof to be placed on all Notes issued under this Indenture except where otherwise permitted by the provisions of this Indenture.

"*QEC Kits*" means the quick engine change kits owned by the Parent or any of its Restricted Subsidiaries.

"*QIB*" means a "qualified institutional buyer" as defined in Rule 144A.

"*Qualified Receivables Transaction*" means any transaction or series of transactions entered into by the Parent or any of its Subsidiaries pursuant to which the Parent or any of its Subsidiaries sells, conveys or otherwise transfers to (1) a Receivables Subsidiary or any other Person (in the case of a transfer by the Parent or any of its Subsidiaries) and (2) any other Person (in the case of a transfer by a Receivables Subsidiary), or grants a security interest in, any accounts receivable (whether now existing or arising in the future) of the 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 accounts receivable, all contracts and all Guarantees or other obligations in respect of such accounts receivable, proceeds of such accounts receivable and other assets which are customarily transferred or in respect of which security interests are customarily granted in connection with asset securitization transactions involving accounts receivable.

"*Qualifying Equity Interests*" means Equity Interests of the Parent other than Disqualified Stock.

"*Quotation Agent*" means the Reference Treasury Dealer appointed by the Company.

"*Real Property Assets*" means parcels of real property owned in fee by the Company 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 Company or any other Grantor.

"*Receivables*" means Accounts, and shall also include ticket receivables, sales of frequent flyer miles and other present and future revenues and receivables that may be the subset of a Qualified Receivables Transaction or another financing transaction.

"*Receivables Repurchase Obligation*" means 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*" means (x) a Subsidiary of the Parent which engages in no activities other than in connection with the financing or securitization of accounts receivable and which is designated by the Board of Directors of the Parent (as provided below) as a Receivables Subsidiary (a) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which (i) is guaranteed by the Parent or any Restricted Subsidiary of the 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), (ii) is recourse to or obligates the Parent or any Restricted Subsidiary of the 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 (iii) subjects any property or asset of the Parent or any Subsidiary of the 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 the Parent nor any Subsidiary of the 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 the Parent or such Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of the Parent, and (ii) fees payable in the Ordinary Course of Business in connection with servicing accounts receivable and (c) with which neither the Parent nor any Subsidiary of the 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 Parent will be evidenced to the Trustee by filing with the Trustee a certified copy of the resolution of the Board of Directors of the Parent giving effect to such designation and an Officer's Certificate certifying that such designation complied with the foregoing conditions. For avoidance of doubt, the Parent and any Restricted Subsidiary of the Parent may enter into Standard Securitization Undertakings for the benefit of a Receivables Subsidiary.

"*Recovery Event*" means 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).

"*Reference Treasury Dealer*" means Citigroup Global Markets Inc. and Goldman Sachs & Co. LLC, and their respective successors; *provided*, *however*, that if either of the foregoing shall cease to be a primary United States government securities dealer in New York City (a "*Primary Treasury Dealer*"), the Company will substitute therefor another Primary Treasury Dealer selected by the Company.

"*Reference Treasury Dealer Quotations*" means, with respect to each Reference Treasury Dealer and any date of redemption, repayment, prepayment, satisfaction or discharge, the average, as determined by the Company, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Company by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third Business Day preceding such date of redemption, repayment, prepayment, satisfaction or discharge.

"*Regional Airline*" means Envoy Aviation Group Inc., Piedmont Airlines, Inc. and PSA Airlines, Inc. and their respective Subsidiaries.

"*Regulation S*" means Regulation S promulgated under the Securities Act.

"*Regulation S Global Note*" means a Global Note substantially in the form of Exhibit A hereto bearing the Global Note Legend and the Private Placement Legend and deposited with or on

behalf of and registered in the name of the Depositary or its nominee, issued in a denomination equal to the outstanding principal amount of the Notes sold in reliance on Rule 903 of Regulation S.

"*Responsible Officer*," when used with respect to the Trustee, means any officer within the corporate trust department of the Trustee with direct responsibility for the administration of this Indenture and also means, with respect to a particular matter with respect to this Indenture, any other officer of the Trustee to whom such matter is referred because of his or her knowledge of and familiarity with the particular subject, who shall have direct responsibility for the administration of this Indenture.

"*Restricted Definitive Note*" means a Definitive Note bearing the Private Placement Legend.

"*Restricted Global Note*" means a Global Note bearing the Private Placement Legend.

"*Restricted Investment*" means an Investment other than a Permitted Investment.

"*Restricted Period*" means the 40-day distribution compliance period as defined in Regulation S.

"*Restricted Subsidiary*" of a Person means any direct or indirect Subsidiary of the referent Person that is not an Unrestricted Subsidiary. Unless expressly indicated otherwise, each reference to a "Restricted Subsidiary" in this Indenture shall be deemed to refer to a Restricted Subsidiary of the Parent.

"*Route Authority*" means 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.

"*Rule 144*" means Rule 144 promulgated under the Securities Act.

"*Rule 144A*" means Rule 144A promulgated under the Securities Act.

"*Rule 903*" means Rule 903 promulgated under the Securities Act.

"*Rule 904*" means Rule 904 promulgated under the Securities Act.

"*S&P*" means S&P Global Ratings and its successors.

"*Sage*" means Sage Popovich, Inc.

"*Sale of a Grantor*" means, 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 the Parent or another Restricted Subsidiary of the Parent and (2) an issuance of directors' qualifying shares.

"*Scheduled Maturity*" means, 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.

"*Scheduled Service*" means, at any time of determination, any non-stop scheduled air carrier service being operated by any Grantor at such time that constitutes a "Scheduled Service" pursuant to any Security Agreement.

"*SEC*" means the Securities and Exchange Commission.

"*Secured Parties*" means the Holders, the Trustee, the Collateral Agent and each other holder of Note Obligations.

"*Securities Act*" means the Securities Act of 1933, as amended.

"*Security Agreement*" means any Slot Security Agreement, SGR Security Agreement, Aircraft Security Agreement, General Security Agreement, Spare Parts Security Agreement, Spare Engines Security Agreement or Mortgage.

"*Senior Priority Representative*" has the meaning set forth in the Intercreditor Agreement.

"*SGR Security Agreement*" means any security agreement related to Route Authorities, Slots and/or Foreign Gate Leaseholds substantially in the form of Exhibit L hereto, as amended, restated, amended and restated, supplemented or otherwise modified, renewed or replaced from time to time.

"*Significant Subsidiary*" means any Restricted Subsidiary of the Company 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 Closing Date.

"*Slot*" means 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*" means the First Lien Slot Security Agreement, dated as of the date hereof by and among the Company, 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 Collateral Agent substantially in the form of Exhibit K hereto, in each case as amended, restated, amended and restated, supplemented or otherwise modified, renewed or replaced from time to time

"*Spare Engines Security Agreement*" means any security agreement related to aircraft engines substantially in the form of Exhibit O hereto, as amended, restated, amended and restated, supplemented or otherwise modified, renewed or replaced from time to time.

"*Spare Parts*" means 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*" means 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, American and Barclays Bank PLC, as administrative agent and collateral agent.

"*Spare Parts Locations*" has the meaning set forth in any applicable Spare Parts Security Agreement.

"*Spare Parts Security Agreement*" means any security agreement related to Spare Parts substantially in the form of Exhibit M hereto, as amended, restated, amended and restated, supplemented or otherwise modified, renewed or replaced from time to time.

"*Standard Securitization Undertakings*" means all representations, warranties, covenants, indemnities, performance Guarantees and servicing obligations entered into by the Parent or any Subsidiary (other than a Receivables Subsidiary), which are customary in connection with any Qualified Receivables Transaction.

"*Stated Maturity*" means the date specified in the Notes as the fixed date on which an amount equal to the principal amount of the Notes is due and payable.

"*Subsidiary*" means, 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.

"*Temporary FAA Slot*" means an FAA Slot that was obtained by a 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 Foreign Slot*" means a Foreign Slot that was obtained by a 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*" means 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.

"*Title 49*" means Title 49 of the U.S. Code, which, among other things, recodified and replaced the U.S. Federal Aviation Act of 1958, and the rules and regulations promulgated pursuant thereto or any subsequent legislation that amends, supplements or supersedes such provisions.

"*Transfer Restriction*" means, 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).

"*Transferee Certificate*" means a certificate substantially in the form of Exhibit I hereto, which certificate attaches satisfactory evidence to the Company that the signatory thereto is a non-objecting beneficial owner with respect to the Notes.

"*Treasury Rate*" means, with respect to any date of redemption, repayment, prepayment, satisfaction or discharge, (1) the yield, under the heading which represents the average for the immediately preceding week, as reported on the most recent H.15 page available through the website of the Board of Governors of the Federal Reserve System, or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the

caption “Treasury Constant Maturities,” for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three months before or after the First Call Date, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined, and the Treasury Rate shall be interpolated or extrapolated from such yields on a straight-line basis, rounding to the nearest month) or (2) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per year equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such date of redemption, repayment, prepayment, satisfaction or discharge. The Treasury Rate shall be calculated on the third Business Day preceding such date redemption, repayment, prepayment, satisfaction or discharge.

“*Trustee*” means Wilmington Trust, National Association in its capacity as such, until a successor replaces it in accordance with the applicable provisions of this Indenture and thereafter means the successor serving hereunder.

“*UCC*” means the Uniform Commercial Code as in effect from time to time in any applicable jurisdiction.

“*Unrestricted Cash*” means cash and Cash Equivalents of the Parent that (i) may be classified, in accordance with GAAP, as “unrestricted” on the consolidated balance sheets of the Parent or (ii) may be classified, in accordance with GAAP, as “restricted” on the consolidated balance sheets of the Parent solely in favor of the secured parties pursuant to any secured Credit Facility; *provided*, *however*, that Unrestricted Cash shall not include (a) cash or Cash Equivalents deposited as additional “collateral” for the obligations under a secured Credit Facility, (b) passenger facility charges or (c) cash, Cash Equivalents or other assets carried in deposit accounts and securities accounts pursuant to the terms of a secured Credit Facility to the extent the secured parties thereunder are exercising control of such accounts.

“*Unrestricted Definitive Note*” means a Definitive Note that does not bear and is not required to bear the Private Placement Legend.

“*Unrestricted Global Note*” means a Global Note that does not bear and is not required to bear the Private Placement Legend.

“*Unrestricted Subsidiary*” means any Subsidiary of the Parent (other than the Company) that is designated by the Board of Directors of the Parent as an Unrestricted Subsidiary in compliance with Section 4.11 hereof pursuant to a resolution of the Board of Directors, but only if such Subsidiary:

(1) has no Indebtedness other than Non-Recourse Debt;

(2) is not party to any agreement, contract, arrangement or understanding with the Parent or any Restricted Subsidiary of the Parent involving aggregate payments or consideration in excess of $60,000,000, unless the terms of any such agreement, contract, arrangement or understanding are no less favorable to the Parent or such Restricted

Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of the Parent;

(3) is a Person with respect to which neither the 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; and

(4) has not guaranteed or otherwise directly or indirectly provided credit support for any Indebtedness of the Parent or any of its Restricted Subsidiaries; and

(5) does not own any assets or properties that are described in this Indenture or in the Collateral Documents as Collateral (without giving effect to references therein to Grantors).

"*US Airways*" means US Airways, Inc., a Delaware corporation, which merged with and into the Parent with the Parent as the surviving entity, or such entity's successor.

"*U.S. Person*" means a U.S. Person as defined in Rule 902(k) promulgated under the Securities Act.

"*Voting Stock*" of any specified Person as of any date means 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*" means, 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.

Section 1.02 *Other Definitions.*

Term	Defined in Section
"*Acceleration Event*"	6.02
"*Authentication Order*"	2.02
"*Bankruptcy Custodian*"	6.01
"*Calculation Date*"	1.01
"*Change of Control Offer*"	4.10
"*Change of Control Payment*"	4.10
"*Change of Control Payment Date*"	4.10
"*Covenant Defeasance*"	8.04
"*DTC*"	2.03

"*Event of Default*"	6.01
"*incur*"	4.08
"*Interest Period*"	Ex. A
"*Leased Collateral*"	1.01
"*Legal Defeasance*"	8.03
"*Leased Slots*"	1.01
"*Paying Agent*"	2.03
"*Permitted Debt*"	4.08
"*Permitted Person*"	1.01
"*PIK Interest*"	Ex. A
"*PIK Notes*"	2.01
"*PIK Notice*"	2.01
"*PIK Option*"	Ex. A
"*PIK Payment*"	2.01
"*Primary Treasury Dealer*"	1.01
"*Registrar*"	2.03
"*Restricted Payments*"	4.07
"*TIA*"	1.03
"*Transfer*"	2.06

Section 1.03 *Application of Trust Indenture Act*

. This Indenture is not and will not be qualified under the Trust Indenture Act of 1939, as amended (the "*TIA*"). Notwithstanding anything in this Indenture to the contrary, the TIA shall not apply and none of the Company, the Guarantors, the Trustee or the Collateral Agent shall be required to comply with the TIA.

Section 1.04 *Rules of Construction*.

Unless the context otherwise requires:

(1) a term has the meaning assigned to it;

(2) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;

(3) "or" is not exclusive;

(4) "including" is not limiting;

(5) words in the singular include the plural, and in the plural include the singular;

(6) "will" shall be interpreted to express a command;

(7) provisions apply to successive events and transactions; and

(8) references to sections of or rules under the Securities Act will be deemed to include substitute, replacement of successor sections or rules adopted by the SEC from time to time.

ARTICLE 2
THE NOTES

Section 2.01 *Form and Dating.*

(a) *General*. The Notes and the Trustee's certificate of authentication will be substantially in the form of Exhibit A hereto, which is hereby incorporated in and expressly made a part of this Indenture. The Notes may have notations, legends or endorsements required by law, stock exchange rule or usage. Each Note will be dated the date of its authentication. The Notes shall be in minimum denominations of $100,000 and integral multiples of $1,000 in excess thereof (or, if a PIK Payment has been made, in minimum denominations of $1.00 and integral multiples of $1.00 in excess thereof with respect to the portion of any Note constituting PIK Interest). Notwithstanding anything in this Indenture or any Collateral Document to the contrary, the aggregate principal amount of Notes that may be issued, authenticated and delivered hereunder may not exceed $200,000,000 (provided that nothing in this sentence shall restrict the making of PIK Payments or the issuance of any Notes pursuant to Sections 2.06 and 2.07; provided further that in no event shall the aggregate principal amount of Notes outstanding at any time under this Indenture exceed $200,000,000 (exclusive of PIK Payments)).

The terms and provisions contained in the Notes will constitute, and are hereby expressly made, a part of this Indenture and the Company, the Guarantors, the Trustee and the Collateral Agent, by their execution and delivery of this Indenture, expressly agree to such terms and provisions and to be bound thereby. However, to the extent any provision of any Note conflicts with the express provisions of this Indenture, the provisions of this Indenture shall govern and be controlling.

(b) *Global Notes and Definitive Notes*. Notes issued in global form will be substantially in the form of Exhibit A hereto (including the Global Note Legend thereon and the "Schedule of Exchanges of Interests in the Global Note" attached thereto). Each Global Note will represent such of the outstanding Notes as will be specified therein and each shall provide that it represents the aggregate principal amount of outstanding Notes from time to time endorsed thereon and that the aggregate principal amount of outstanding Notes represented thereby may from time to time be reduced or increased, as appropriate, to reflect exchanges and redemptions and PIK Payments. Any endorsement of a Global Note to reflect the amount of any increase or decrease in the aggregate principal amount of outstanding Notes represented thereby will be made by the Trustee or the Custodian, at the direction of the Trustee, in accordance with instructions given by the Holder thereof as required by Section 2.06 hereof or, in the case of an increase resulting from the payment of PIK Interest, in accordance with the provisions hereof. Notes issued in definitive form will be substantially in the form of Exhibit A hereto (but without the Global Note Legend thereon and without the "Schedule of Exchanges of Interests in the Global Note" attached thereto).

(c) *Euroclear and Clearstream Procedures Applicable*. The provisions of the "Operating Procedures of the Euroclear System" and "Terms and Conditions Governing Use of Euroclear" and

the “General Terms and Conditions of Clearstream Banking” and “Customer Handbook” of Clearstream will be applicable to transfers of beneficial interests in the Regulation S Global Note that are held by Participants through Euroclear or Clearstream.

(d) *PIK Payments.* If the Company is permitted to exercise the PIK Option for any Interest Period and does so exercise the PIK Option with respect to such Interest Period, the Company shall pay the applicable amount of PIK Interest for such Interest Period in respect of each outstanding Note on the Interest Payment Date in respect of such Interest Period. On any Interest Payment Date on which the Company pays PIK Interest (a “*PIK Payment*”), PIK Interest on the Notes will be payable (1) with respect to Global Notes, by increasing the principal amount of each outstanding Global Note at the end of such Interest Period by an amount equal to the amount of PIK Interest applicable to such outstanding Global Note (rounded up to the nearest whole Dollar) for the relevant Interest Period, as provided in the PIK Notice, to the credit of the Holders on the relevant record date, which shall upon receipt of an Authentication Order be recorded in the Registrar’s books and records and in the “Schedule of Increases or Decreases in the Global Note”, and (2) with respect to Definitive Notes, by issuing additional Notes (“*PIK Notes*”) in definitive form in an aggregate principal amount equal to the amount of PIK Interest applicable to each outstanding Definitive Note (rounded up to the nearest whole Dollar) for the relevant Interest Period, as provided in the PIK Notice, and the Trustee will, at the written order of the Company, authenticate and deliver such PIK Notes in definitive form for original issuance to the Holders on the relevant record date, as shown by the records of the Registrar. Any PIK Notes issued in definitive form will be dated as of the applicable Interest Payment Date and will bear interest from and after such date. All PIK Notes will be governed by, and subject to the terms (including the maturity date), provisions and conditions of, this Indenture and will have the same rights and benefits as the Notes issued on the Closing Date. Following any increase in the principal amount of the outstanding Notes as a result of a PIK Payment, the Notes will bear interest on such increased principal amount from and after the date of such PIK Payment. Unless the context otherwise requires, for all purposes under this Indenture (including for purposes of calculating any redemption price or redemption amount), references to the “principal” and the “principal amount” of any Notes includes any increase in the principal amount thereof due to the addition of PIK Interest thereto as a result of any PIK Payment. If the Company is permitted to exercise the PIK Option for any Interest Period and desires to exercise the PIK Option for such Interest Period, the Company must deliver a notice to the Trustee no later than the day that is twenty days prior to the Interest Payment Date in respect of such Interest Period, which notice (x) indicates the amount of PIK Interest and cash interest that will be paid in respect of such Interest Period on the Interest Payment Date in respect of such Interest Period, (y) certifies that the Company is permitted to exercise the PIK Option for such Interest Period pursuant to the terms of the Indenture and the Notes and is so exercising the PIK Option for such Interest Period and (z) directs the Trustee and the Paying Agent (if other than the Trustee) to increase the principal amount of the Notes in accordance with this paragraph, which notification the Trustee and Paying Agent shall be entitled to rely upon (such notice, a “*PIK Notice*”). Notwithstanding anything to the contrary contained in this Indenture or the Notes, whenever under this Indenture or the Notes accrued and unpaid interest is required to be paid in connection with a payment of principal on the Notes (whether in connection with a redemption, repurchase, Change of Control Offer, Asset Sale Offer, acceleration, or otherwise), such interest will be paid in cash (and not as PIK Interest) at the rate applicable to the payment of interest entirely in cash (i.e., 10.75%) and not the rate applicable upon

exercise of the PIK Option (i.e., 12.00%), regardless of whether or not the Company has delivered a PIK Notice with respect to the current Interest Period.

Section 2.02 *Execution and Authentication*.

At least one Officer must sign the Notes for the Company by manual, facsimile or other electronic signature.

If an Officer whose signature is on a Note no longer holds that office at the time a Note is authenticated, the Note will nevertheless be valid.

A Note will not be valid until authenticated by the manual signature of the Trustee. The signature will be conclusive evidence that the Note has been authenticated under this Indenture.

The Trustee will, upon receipt of a written order of the Company signed by an Officer (an "*Authentication Order*"), (a) authenticate Notes for original issue that may be validly issued under this Indenture, and (b) increase the principal amount of any Note as a result of a PIK Payment in the amount set forth in the PIK Notice. The Trustee shall be entitled to rely conclusively upon such Authentication Order in increasing the principal amount of the Notes as a result of a PIK Payment or authenticating PIK Notes. The aggregate principal amount of Notes outstanding at any time may not exceed the aggregate principal amount of Notes authorized for issuance by the Company pursuant to one or more Authentication Orders, except for the making of PIK Payments and as provided in Section 2.07 hereof.

The Trustee may appoint an authenticating agent acceptable to the Company to authenticate Notes. An authenticating agent may authenticate Notes whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agent has the same rights as an Agent to deal with Holders or an Affiliate of the Company.

Section 2.03 *Registrar and Paying Agent*.

The Company will maintain an office or agency where Notes may be presented for registration of transfer or for exchange ("*Registrar*") and an office or agency where Notes may be presented for payment ("*Paying Agent*"). The Registrar will keep a register of the Notes and of their transfer and exchange. The Company may appoint one or more co-registrars and one or more additional paying agents. The term "Registrar" includes any co-registrar and the term "Paying Agent" includes any additional paying agent. The Company may change any Paying Agent or Registrar without notice to any Holder. The Company will notify the Trustee in writing of the name and address of any Agent not a party to this Indenture. If the Company fails to appoint or maintain another entity as Registrar or Paying Agent, the Trustee shall act as such. The Company or any of its Subsidiaries may act as Paying Agent or Registrar.

The Company initially appoints The Depository Trust Company ("*DTC*") to act as Depositary with respect to the Global Notes.

The Company initially appoints the Trustee to act as the Registrar and Paying Agent and to act as Custodian with respect to the Global Notes.

Section 2.04 *Paying Agent to Hold Money in Trust*.

The Company will require each Paying Agent other than the Trustee to agree in writing that the Paying Agent will hold in trust for the benefit of Holders or the Trustee all money held by the Paying Agent for the payment of principal of, the Applicable Premium on, or interest, if any, on, the Notes, and will notify the Trustee of any default by the Company in making any such payment. While any such default continues, the Trustee may require a Paying Agent to pay all money held by it to the Trustee. The Company at any time may require a Paying Agent to pay all money held by it to the Trustee. Upon payment over to the Trustee, the Paying Agent (if other than the Company or a Subsidiary) will have no further liability for the money. If the Company or a Subsidiary acts as Paying Agent, it will segregate and hold in a separate trust fund for the benefit of the Holders all money held by it as Paying Agent. Upon any bankruptcy or reorganization proceedings relating to the Company, the Trustee will serve as Paying Agent for the Notes.

Section 2.05 *Holder Lists*.

The Trustee will preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of all Holders. If the Trustee is not the Registrar, the Company will furnish to the Trustee at least seven Business Days before each Interest Payment Date and at such other times as the Trustee may request in writing, a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of Holders.

Section 2.06 *Transfer and Exchange*.

(a) *Transfer and Exchange of Global Notes*. A Global Note may not be transferred except as a whole by the Depositary to a nominee of the Depositary, by a nominee of the Depositary to the Depositary or to another nominee of the Depositary, or by the Depositary or any such nominee to a successor Depositary or a nominee of such successor Depositary. All Global Notes will be exchanged by the Company for Definitive Notes if:

(1) the Company delivers to the Trustee notice from the Depositary that it is unwilling or unable to continue to act as Depositary or that it is no longer a clearing agency registered under the Exchange Act and, in either case, a successor Depositary is not appointed by the Company within 90 days after the date of such notice from the Depositary; or

(2) the Company executes and delivers an Officer's Certificate to such effect to the Trustee; or

(3) there has occurred and is continuing a Default or Event of Default with respect to the Notes and owners of beneficial interests in the Global Note in an amount not less than a majority of the aggregate outstanding principal amount of such Global Note have delivered to the Company and the Trustee a notice indicating that the continuation of the book-entry system through the Depositary is no longer in the best interests of the holders of such beneficial interests; or

(4) as otherwise agreed by the Company and a holder of a beneficial interest in a Global Note.

Upon the occurrence of any of the preceding events in subparagraph (1), (2) or (3) above, Definitive Notes shall be issued in such names as the Depositary shall instruct the Trustee. Global Notes also may be exchanged or replaced, in whole or in part, as provided in Sections 2.07 and 2.10 hereof. Every Note authenticated and delivered in exchange for, or in lieu of, a Global Note or any portion thereof, pursuant to this Section 2.06 or Section 2.07 or 2.10 hereof, shall be authenticated and delivered in the form of, and shall be, a Global Note. A Global Note may not be exchanged for another Note other than as provided in this Section 2.06(a), however, beneficial interests in a Global Note may be transferred and exchanged as provided in Section 2.06(b), (c) or (f) hereof.

(b) *Transfer and Exchange of Beneficial Interests in the Global Notes*. The transfer and exchange of beneficial interests in the Global Notes will be effected through the Depositary, in accordance with the provisions of this Indenture and the Applicable Procedures. Beneficial interests in the Restricted Global Notes will be subject to restrictions on transfer comparable to those set forth herein to the extent required by the Securities Act. Transfers of beneficial interests in the Global Notes also will require compliance with either subparagraph (1) or (2) below, as applicable, as well as one or more of the other following subparagraphs, as applicable:

(1) *Transfer of Beneficial Interests in the Same Global Note*. Beneficial interests in any Restricted Global Note may be transferred to Persons who take delivery thereof in the form of a beneficial interest in the same Restricted Global Note in accordance with the transfer restrictions set forth in the Private Placement Legend; *provided*, *however*, that prior to the expiration of the Restricted Period, transfers of beneficial interests in the Regulation S Global Note may not be made to a U.S. Person or for the account or benefit of a U.S. Person (other than the Initial Purchasers). Beneficial interests in any Unrestricted Global Note may be transferred to Persons who take delivery thereof in the form of a beneficial interest in an Unrestricted Global Note. No written orders or instructions shall be required to be delivered to the Registrar to effect the transfers described in this Section 2.06(b)(1).

(2) *All Other Transfers and Exchanges of Beneficial Interests in Global Notes.* In connection with all transfers and exchanges of beneficial interests that are not subject to Section 2.06(b)(1) above, the transferor of such beneficial interest must deliver to the Registrar either:

(A) both:

(i) a written order from a Participant or an Indirect Participant given to the Depositary in accordance with the Applicable Procedures directing the Depositary to credit or cause to be credited a beneficial interest in another Global Note in an amount equal to the beneficial interest to be transferred or exchanged; and

(ii) instructions given in accordance with the Applicable Procedures containing information regarding the Participant account to be credited with such increase; or

(B) both:

(i) a written order from a Participant or an Indirect Participant given to the Depositary in accordance with the Applicable Procedures directing the Depositary to cause to be issued a Definitive Note in an amount equal to the beneficial interest to be transferred or exchanged; and

(ii) instructions given by the Depositary to the Registrar containing information regarding the Person in whose name such Definitive Note shall be registered to effect the transfer or exchange referred to in (i) above.

Upon satisfaction of all of the requirements for transfer or exchange of beneficial interests in Global Notes contained in this Indenture and the Notes or otherwise applicable under the Securities Act, the Trustee shall adjust the principal amount of the relevant Global Note(s) pursuant to Section 2.06(g) hereof.

(3) *Transfer of Beneficial Interests to Another Restricted Global Note*. A beneficial interest in any Restricted Global Note may be transferred to a Person who takes delivery thereof in the form of a beneficial interest in another Restricted Global Note if the transfer complies with the requirements of Section 2.06(b)(2) above and the Registrar receives the following:

(A) if the transferee will take delivery in the form of a beneficial interest in the 144A Global Note, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (1) thereof; and

(B) if the transferee will take delivery in the form of a beneficial interest in the Regulation S Global Note, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (2) thereof.

(4) *Transfer and Exchange of Beneficial Interests in a Restricted Global Note for Beneficial Interests in an Unrestricted Global Note*. A beneficial interest in any Restricted Global Note may be exchanged by any holder thereof for a beneficial interest in an Unrestricted Global Note or transferred to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note if the exchange or transfer complies with the requirements of Section 2.06(b)(2) above and the Registrar receives the following:

(A) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a beneficial interest in an Unrestricted Global Note, a certificate from such holder in the form of Exhibit C hereto, including the certifications in item (1)(a) thereof; or

(B) if the holder of such beneficial interest in a Restricted Global Note proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of a beneficial interest in an Unrestricted Global Note, a certificate from such holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case set forth in subparagraphs (A) and (B), if the Registrar so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Company and the Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

If any such transfer is effected pursuant to this Section 2.06(b)(4) at a time when an Unrestricted Global Note has not yet been issued, the Company shall issue and, upon receipt of an Authentication Order in accordance with Section 2.02 hereof, the Trustee shall authenticate one or more Unrestricted Global Notes in an aggregate principal amount equal to the aggregate principal amount of beneficial interests transferred pursuant to this Section 2.06(b)(4).

Beneficial interests in an Unrestricted Global Note cannot be exchanged for, or transferred to Persons who take delivery thereof in the form of, a beneficial interest in a Restricted Global Note.

(c) *Transfer or Exchange of Beneficial Interests for Definitive Notes*.

(1) *Beneficial Interests in Restricted Global Notes to Restricted Definitive Notes.* If any holder of a beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a Restricted Definitive Note or to transfer such beneficial interest to a Person who takes delivery thereof in the form of a Restricted Definitive Note, then, upon receipt by the Registrar of the following documentation:

(A) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a Restricted Definitive Note, a certificate from such holder in the form of Exhibit C hereto, including the certifications in item (2)(a) thereof;

(B) if such beneficial interest is being transferred to a QIB in accordance with Rule 144A, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (1) thereof;

(C) if such beneficial interest is being transferred to a Non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (2) thereof;

(D) if such beneficial interest is being transferred pursuant to an exemption from the registration requirements of the Securities Act in accordance with Rule 144, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(a) thereof;

(E) if such beneficial interest is being transferred to an Institutional Accredited Investor in reliance on an exemption from the registration requirements of the Securities Act other than those listed in subparagraphs (B) through (D) above, a certificate to the effect set forth in Exhibit B hereto, including the certifications, certificates and Opinion of Counsel required by item (3) thereof, if applicable; or

(F) if such beneficial interest is being transferred to the Company or any of its Subsidiaries, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(b) thereof;

the Trustee shall cause the aggregate principal amount of the applicable Global Note to be reduced accordingly pursuant to Section 2.06(g) hereof, and the Company shall execute and the Trustee shall authenticate and deliver to the Person designated in the instructions a Definitive Note in the appropriate principal amount. Any Definitive Note issued in exchange for a beneficial interest in a Restricted Global Note pursuant to this Section 2.06(c) shall be registered in such name or names and in such authorized denomination or denominations as the holder of such beneficial interest shall instruct the Registrar through instructions from the Depositary and the Participant or Indirect Participant. The Trustee shall deliver such Definitive Notes to the Persons in whose names the Notes are so registered. Any Definitive Note issued in exchange for a beneficial interest in a Restricted Global Note pursuant to this Section 2.06(c)(1) shall bear the Private Placement Legend and shall be subject to all restrictions on transfer contained therein.

(2) *Beneficial Interests in Restricted Global Notes to Unrestricted Definitive Notes.* A holder of a beneficial interest in a Restricted Global Note may exchange such beneficial interest for an Unrestricted Definitive Note or may transfer such beneficial interest to a Person who takes delivery thereof in the form of an Unrestricted Definitive Note only if the Registrar receives the following:

(A) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for an Unrestricted Definitive Note, a certificate from such holder in the form of Exhibit C hereto, including the certifications in item (1)(b) thereof; or

(B) if the holder of such beneficial interest in a Restricted Global Note proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of an Unrestricted Definitive Note, a certificate from such holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case set forth in subparagraphs (A) and (B), if the Registrar so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Company and the Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

(3) *Beneficial Interests in Unrestricted Global Notes to Unrestricted Definitive Notes.* If any holder of a beneficial interest in an Unrestricted Global Note proposes to

exchange such beneficial interest for a Definitive Note or to transfer such beneficial interest to a Person who takes delivery thereof in the form of a Definitive Note, then, upon satisfaction of the conditions set forth in Section 2.06(b)(2) hereof, the Trustee will cause the aggregate principal amount of the applicable Unrestricted Global Note to be reduced accordingly pursuant to Section 2.06(g) hereof, and the Company will execute and the Trustee will authenticate and deliver to the Person designated in the instructions a Definitive Note in the appropriate principal amount. Any Definitive Note issued in exchange for a beneficial interest pursuant to this Section 2.06(c)(3) will be registered in such name or names and in such authorized denomination or denominations as the holder of such beneficial interest requests through instructions to the Registrar from or through the Depositary and the Participant or Indirect Participant. The Trustee will deliver such Definitive Notes to the Persons in whose names the Notes are so registered. Any Definitive Note issued in exchange for a beneficial interest pursuant to this Section 2.06(c)(3) will not bear the Private Placement Legend.

(d) *Transfer and Exchange of Definitive Notes for Beneficial Interests*.

(1) *Restricted Definitive Notes to Beneficial Interests in Restricted Global Notes.* If any Holder of a Restricted Definitive Note proposes to exchange such Note for a beneficial interest in a Restricted Global Note or to transfer such Restricted Definitive Notes to a Person who takes delivery thereof in the form of a beneficial interest in a Restricted Global Note, then, upon receipt by the Registrar of the following documentation:

(A) if the Holder of such Restricted Definitive Note proposes to exchange such Note for a beneficial interest in a Restricted Global Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (2)(b) thereof;

(B) if such Restricted Definitive Note is being transferred to a QIB in accordance with Rule 144A, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (1) thereof;

(C) if such Restricted Definitive Note is being transferred to a Non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (2) thereof;

(D) if such Restricted Definitive Note is being transferred pursuant to an exemption from the registration requirements of the Securities Act in accordance with Rule 144, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(a) thereof;

(E) if such Restricted Definitive Note is being transferred to an Institutional Accredited Investor in reliance on an exemption from the registration requirements of the Securities Act other than those listed in subparagraphs (B) through (D) above, a certificate to the effect set forth in Exhibit B hereto, including

the certifications, certificates and Opinion of Counsel required by item (3) thereof, if applicable; or

(F) if such Restricted Definitive Note is being transferred to the Company or any of its Subsidiaries, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(b) thereof;

the Trustee will cancel the Restricted Definitive Note, increase or cause to be increased the aggregate principal amount of, in the case of clause (A) above, the appropriate Restricted Global Note, in the case of subparagraph (B) above, the 144A Global Note, and in the case of clause (C) above, the Regulation S Global Note.

(2) *Restricted Definitive Notes to Beneficial Interests in Unrestricted Global Notes.* A Holder of a Restricted Definitive Note may exchange such Note for a beneficial interest in an Unrestricted Global Note or transfer such Restricted Definitive Note to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note only if the Registrar receives the following:

(A) if the Holder of such Definitive Notes proposes to exchange the Notes for a beneficial interest in the Unrestricted Global Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (1)(c) thereof; or

(B) if the Holder of such Definitive Notes proposes to transfer the Notes to a Person who shall take delivery thereof in the form of a beneficial interest in the Unrestricted Global Note, a certificate from such Holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case set forth in subparagraphs (A) and (B), if the Registrar so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Company and the Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act. Upon satisfaction of the conditions of any of the subparagraphs in this Section 2.06(d)(2), the Trustee will cancel the Definitive Notes and increase or cause to be increased the aggregate principal amount of the Unrestricted Global Note.

(3) *Unrestricted Definitive Notes to Beneficial Interests in Unrestricted Global Notes*. A Holder of an Unrestricted Definitive Note may exchange such Note for a beneficial interest in an Unrestricted Global Note or transfer such Definitive Notes to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note at any time. Upon receipt of a request for such an exchange or transfer, the Trustee will cancel the applicable Unrestricted Definitive Note and increase or cause to be increased the aggregate principal amount of one of the Unrestricted Global Notes.

If any such exchange or transfer from a Definitive Note to a beneficial interest is effected pursuant to subparagraph (2)(B) or (3) above at a time when an Unrestricted Global

Note has not yet been issued, the Company will issue and, upon receipt of an Authentication Order in accordance with Section 2.02 hereof, the Trustee will authenticate one or more Unrestricted Global Notes in an aggregate principal amount equal to the principal amount of Definitive Notes so transferred.

(e) *Transfer and Exchange of Definitive Notes for Definitive Notes.* Upon request by a Holder of Definitive Notes and such Holder's compliance with the provisions of this Section 2.06(e), the Registrar will register the transfer or exchange of Definitive Notes. Prior to such registration of transfer or exchange, the requesting Holder must present or surrender to the Registrar the Definitive Notes duly endorsed or accompanied by a written instruction of transfer in form satisfactory to the Registrar duly executed by such Holder or by its attorney, duly authorized in writing. In addition, the requesting Holder must provide any additional certifications, documents and information, as applicable, required pursuant to the following provisions of this Section 2.06(e).

(1) *Restricted Definitive Notes to Restricted Definitive Notes.* Any Restricted Definitive Note may be transferred to and registered in the name of Persons who take delivery thereof in the form of a Restricted Definitive Note if the Registrar receives the following:

(A) if the transfer will be made pursuant to Rule 144A, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (1) thereof;

(B) if the transfer will be made pursuant to Rule 903 or Rule 904, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (2) thereof; and

(C) if the transfer will be made pursuant to any other exemption from the registration requirements of the Securities Act, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications, certificates and Opinion of Counsel required by item (3) thereof, if applicable.

(2) *Restricted Definitive Notes to Unrestricted Definitive Notes.* Any Restricted Definitive Note may be exchanged by the Holder thereof for an Unrestricted Definitive Note or transferred to a Person or Persons who take delivery thereof in the form of an Unrestricted Definitive Note if the Registrar receives the following:

(A) if the Holder of such Restricted Definitive Notes proposes to exchange the Notes for an Unrestricted Definitive Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (1)(d) thereof; or

(B) if the Holder of such Restricted Definitive Notes proposes to transfer the Notes to a Person who shall take delivery thereof in the form of an Unrestricted Definitive Note, a certificate from such Holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case set forth in subparagraphs (A) and (B), if the Registrar so requests, an Opinion of Counsel in form reasonably acceptable to the Company and the Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

(3) *Unrestricted Definitive Notes to Unrestricted Definitive Notes.* A Holder of Unrestricted Definitive Notes may transfer the Notes to a Person who takes delivery thereof in the form of an Unrestricted Definitive Note. Upon receipt of a request to register such a transfer, the Registrar shall register the Unrestricted Definitive Notes pursuant to the instructions from the Holder thereof.

(f) *Legends.* The following legends will appear on the face of all Global Notes and Definitive Notes issued under this Indenture unless specifically stated otherwise in the applicable provisions of this Indenture.

(1) *Private Placement Legend*.

(A) Except as permitted by subparagraph (B) below, each Global Note and each Definitive Note (and all Notes issued in exchange therefor or substitution thereof) shall bear the legend in substantially the following form:

"THE NOTES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE "SECURITIES ACT") AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (2) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), (4) TO AN INSTITUTIONAL INVESTOR THAT IS AN ACCREDITED INVESTOR WITHIN THE MEANING OF RULE 501 OF REGULATION D UNDER THE SECURITIES ACT IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, (5) IN ACCORDANCE WITH ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT OR (6) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND IN EACH CASE, IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND OTHER JURISDICTIONS. EACH HOLDER OF THE NOTES EVIDENCED HEREBY AGREES TO THE FOREGOING TRANSFER RESTRICTIONS AND EACH HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER FROM IT OF THE NOTE EVIDENCED HEREBY OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN."

(B) Notwithstanding the foregoing, any Global Note or Definitive Note issued pursuant to subparagraph (b)(4), (c)(2), (c)(3), (d)(2), (d)(3), (e)(2) or (e)(3) of this Section 2.06 (and all Notes issued in exchange therefor or substitution thereof) will not bear the Private Placement Legend.

(2) *Global Note Legend*. Each Global Note will bear a legend in substantially the following form:

"THIS GLOBAL NOTE IS HELD BY THE DEPOSITARY (AS DEFINED IN THE INDENTURE GOVERNING THIS NOTE) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (1) THE TRUSTEE MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO SECTION 2.06 OF THE INDENTURE, (2) THIS GLOBAL NOTE MAY BE EXCHANGED IN WHOLE BUT NOT IN PART PURSUANT TO SECTION 2.06(a) OF THE INDENTURE, (3) THIS GLOBAL NOTE MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO SECTION 2.11 OF THE INDENTURE AND (4) THIS GLOBAL NOTE MAY BE TRANSFERRED TO A SUCCESSOR DEPOSITARY WITH THE PRIOR WRITTEN CONSENT OF THE COMPANY.

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR NOTES IN DEFINITIVE FORM, THIS NOTE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY. UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK) ("DTC"), TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR SUCH OTHER ENTITY AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

BY ACCEPTING THIS NOTE EACH HOLDER AND EACH TRANSFEREE IS DEEMED TO REPRESENT AND AGREE THAT AT THE TIME OF ITS ACQUISITION AND THROUGHOUT THE PERIOD THAT IT HOLDS THIS NOTE (I) IT IS NOT, AND IS NOT ACTING ON BEHALF OF, A PLAN (WHICH TERM INCLUDES (A) EMPLOYEE BENEFIT PLANS THAT ARE SUBJECT TO TITLE I OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED) ("ERISA"), (B) PLANS, INDIVIDUAL RETIREMENT ACCOUNTS AND OTHER ARRANGEMENTS THAT ARE SUBJECT TO SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), AND (C) ENTITIES THE UNDERLYING ASSETS OF WHICH ARE CONSIDERED TO INCLUDE "PLAN ASSETS" OF ANY PLANS DESCRIBED ABOVE IN CLAUSE (A) OR (B), OR (II) ITS PURCHASE AND HOLDING OF THIS NOTE OR ANY INTEREST THEREIN

SHALL NOT RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER ERISA OR SECTION 4975 OF THE CODE."

(3) *Regulation S Global Note Legend*. Each Regulation S Global Note will bear a legend in substantially the following form:

"THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND MAY NOT BE OFFERED, SOLD OR DELIVERED IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY U.S. PERSON, UNLESS THE NOTE IS REGISTERED UNDER THE SECURITIES ACT OR ANY EXEMPTION FROM THE REGISTRATION REQUIREMENTS THEREOF IS AVAILABLE. THE FOREGOING SHALL NOT APPLY FOLLOWING THE EXPIRATION OF FORTY DAYS FROM THE LATER OF (I) THE DATE ON WHICH THE NOTES WERE FIRST OFFERED AND (II) THE DATE OF ISSUANCE OF THIS NOTE."

(g) *Cancellation and/or Adjustment of Global Notes.* At such time as all beneficial interests in a particular Global Note have been exchanged for Definitive Notes or a particular Global Note has been redeemed, repurchased or canceled in whole and not in part, each such Global Note will be returned to or retained and canceled by the Trustee in accordance with Section 2.11 hereof. At any time prior to such cancellation, if any beneficial interest in a Global Note is exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Note or for Definitive Notes, the principal amount of Notes represented by such Global Note will be reduced accordingly and an endorsement will be made on such Global Note by the Trustee or by the Depositary at the direction of the Trustee to reflect such reduction; and if the beneficial interest is being exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Note, such other Global Note will be increased accordingly and an endorsement will be made on such Global Note by the Trustee or by the Depositary at the direction of the Trustee to reflect such increase.

(h) *General Provisions Relating to Transfers and Exchanges*.

(1) To permit registrations of transfers and exchanges, the Company will execute and the Trustee will authenticate Global Notes and Definitive Notes upon receipt of an Authentication Order in accordance with Section 2.02 hereof or at the Registrar's request.

(2) No service charge will be made to a Holder of a beneficial interest in a Global Note or to a Holder of a Definitive Note for any registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any transfer tax or similar governmental charge payable in connection therewith (other than any such transfer taxes or similar governmental charge payable upon exchange or transfer pursuant to Sections 2.10, 3.06, 3.07, 4.10, 4.16 and 9.04 hereof).

(3) The Registrar will not be required to register the transfer of or exchange of any Note selected for redemption in whole or in part, except the unredeemed portion of any Note being redeemed in part.

(4) Notwithstanding anything in this Indenture to the contrary, unless an Event of Default has occurred and is continuing, no record or beneficial owner of the Notes may transfer any Notes or any beneficial interest therein without the prior written consent of the Company (such consent to not be unreasonably withheld or delayed); *provided however*, that the Company's consent will be deemed given with respect to a proposed transfer if no response is received within ten (10) Business Days after having received a written request from such record or beneficial owner of the Notes pursuant to this Section 2.06(h)(4); *provided*, *further*, that

(A) no consent of the Company shall be required for any transfer of any Notes or any beneficial interest therein to any GS Person;

(B) no sale, pledge, assignment or other transfer of any Notes or any beneficial interest therein will be permitted to any Competitor;

(C) no transfer of any Notes or any beneficial interest therein will be permitted to any Person unless and until such Person delivers to the Company and the Trustee a Transferee Certificate (attaching evidence that such Person has made an election to be a non-objecting beneficial owner) and, if the consent of the Company is required for such transfer, with an acknowledgement thereof by the Company as provided therein; and

(D) any record or beneficial owner of the Notes may at any time pledge or assign a security interest in all or any portion of its rights under the Notes or this Indenture to secure obligations of such record or beneficial owner of the Notes, and this Section 2.06(h)(4) 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 substitute any such pledgee or assignee for such record or beneficial owner of the Notes as a record or beneficial owner of the Notes; *provided*, *further*, that no such pledge or assignment of a security interest shall create or increase any liability or obligation of the Parent, the Company or any of their Affiliates whatsoever, whether under this Indenture, the Notes, the Collateral Documents or otherwise.

(5) All Global Notes and Definitive Notes issued upon any registration of transfer or exchange of Global Notes or Definitive Notes will be the valid obligations of the Company, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Global Notes or Definitive Notes surrendered upon such registration of transfer or exchange.

(6) Neither the Registrar nor the Company will be required:

(A) to issue, to register the transfer of or to exchange any Notes during a period beginning at the opening of business 15 days before the day of any selection of Notes for redemption under Section 3.02 hereof and ending at the close of business on the day of selection;

(B) to register the transfer of or to exchange any Note selected for redemption in whole or in part, except the unredeemed portion of any Note being redeemed in part; or

(C) to register the transfer of or to exchange a Note between a record date and the next succeeding Interest Payment Date.

(7) Prior to due presentment for the registration of a transfer of any Note, the Trustee, any Agent and the Company may deem and treat the Person in whose name any Note is registered as the absolute owner of such Note for the purpose of receiving payment of principal of, the Applicable Premium and interest on, the Notes and for all other purposes, and none of the Trustee, any Agent or the Company shall be affected by notice to the contrary.

(8) The Trustee will authenticate Global Notes and Definitive Notes in accordance with the provisions of Section 2.02 hereof.

(9) All certifications, certificates and Opinions of Counsel required to be submitted to the Company and the Registrar pursuant to this Section 2.06 to effect a registration of transfer or exchange may be submitted by facsimile, PDF or similar electronic transmission.

Notwithstanding anything to the contrary herein, neither the Trustee nor the Registrar shall be responsible for ascertaining whether any transfer complies with the registration provisions of or exemptions from the Securities Act or applicable state securities laws or Section 2.06(h)(4). Nothing herein shall impose any obligation or liability upon the Trustee or Registrar in respect of any transfer of Notes (or beneficial interests therein) of which the Trustee or Registrar has no knowledge.

Section 2.07 *Replacement Notes*.

If any mutilated Note is surrendered to the Trustee or the Company and the Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Note, the Company will issue and the Trustee, upon receipt of an Authentication Order, will authenticate a replacement Note if the Trustee's requirements are met. If required by the Trustee or the Company, an indemnity bond must be supplied by the Holder that is sufficient in the judgment of the Trustee and the Company to protect the Company, the Trustee, any Agent and any authenticating agent from any loss that any of them may suffer if a Note is replaced. The Company may charge for its expenses in replacing a Note.

Every replacement Note is an additional obligation of the Company and will be entitled to all of the benefits of this Indenture equally and proportionately with all other Notes duly issued hereunder.

Section 2.08 *Outstanding Notes*.

The Notes outstanding at any time are all the Notes authenticated by the Trustee except for those canceled by it, those delivered to it for cancellation, those reductions in the interest in a Global Note effected by the Trustee in accordance with the provisions hereof, and those described in this

Section 2.08 as not outstanding. Except as set forth in Section 2.09 hereof, a Note does not cease to be outstanding because the Company or an Affiliate of the Company holds the Note. For avoidance of doubt, the aggregate principal amount outstanding under any Note shall include any increase in the outstanding principal amount of such Note as a result of any PIK Payment.

If a Note is replaced pursuant to Section 2.07 hereof, it ceases to be outstanding unless the Trustee receives proof satisfactory to it that the replaced Note is held by a protected purchaser.

If the principal amount of any Note is considered paid under Section 4.01 hereof, it ceases to be outstanding and interest on it ceases to accrue.

If the Paying Agent (other than the Company, a Subsidiary or an Affiliate of any thereof) holds, on a redemption date or maturity date, money sufficient to pay Notes payable on that date, then on and after that date the Notes will be deemed to be no longer outstanding and will cease to accrue interest.

Section 2.09 *Treasury Notes*.

In determining whether the Holders of the required principal amount of Notes have concurred in any direction, waiver or consent, Notes owned by the Company or any Guarantor, or by any Person directly or indirectly controlling or controlled by or under direct or indirect common control with the Company or any Guarantor, will be considered as though not outstanding, except that for the purposes of determining whether the Trustee will be protected in relying on any such direction, waiver or consent, only Notes that the Trustee knows are so owned will be so disregarded.

Section 2.10 *Temporary Notes*.

Until certificates representing Notes are ready for delivery, the Company may prepare and the Trustee, upon receipt of an Authentication Order, will authenticate temporary Notes. Temporary Notes will be substantially in the form of certificated Notes but may have variations that the Company considers appropriate for temporary Notes and as may be reasonably acceptable to the Trustee. Without unreasonable delay, the Company will prepare and the Trustee will authenticate definitive Notes in exchange for temporary Notes.

Holders of temporary Notes will be entitled to all of the benefits of this Indenture.

Section 2.11 *Cancellation*.

The Company at any time may deliver Notes to the Trustee for cancellation. The Registrar and Paying Agent will forward to the Trustee any Notes surrendered to them for registration of transfer, exchange or payment. The Trustee and no one else will cancel all Notes surrendered for registration of transfer, exchange, payment, replacement or cancellation and will destroy canceled Notes (subject to the record retention requirements of the Exchange Act and the customary procedures of the Trustee). Certification of the cancellation of all canceled Notes will be delivered to the Company. The Company may not issue new Notes to replace Notes that it has paid or that have been delivered to the Trustee for cancellation.

Section 2.12 *Defaulted Interest*.

If the Company defaults in a payment of interest on the Notes, it will pay the defaulted interest in any lawful manner plus, to the extent lawful, interest payable on the defaulted interest, to the Persons who are Holders on a subsequent special record date, in each case at the rate provided in the Notes and in Section 4.01 hereof. The Company will notify the Trustee in writing of the amount of defaulted interest proposed to be paid on each Note and the date of the proposed payment. The Company will fix or cause to be fixed each such special record date and payment date; *provided* that no such special record date may be less than 10 days prior to the related payment date for such defaulted interest. At least 15 days before the special record date, the Company (or, upon the written request of the Company, the Trustee in the name and at the expense of the Company) will mail or cause to be mailed to Holders a notice that states the special record date, the related payment date and the amount of such interest to be paid.

Section 2.13 *Reserved*.

Section 2.14 *No Reissuance of Notes*.

The Company may not reissue a Note that has matured, been redeemed, been purchased by the Company at the Holder's option upon a Change of Control or otherwise been canceled, except for registration of transfer, exchange or replacement of such Note.

ARTICLE 3
REDEMPTION AND PREPAYMENT

Section 3.01 *Notice to Trustee*.

If the Company elects to redeem Notes pursuant to the optional redemption provisions of Section 3.07 hereof, it must furnish to the Trustee, at least 10 days but not more than 60 days before a redemption date, an Officer's Certificate setting forth:

(1) the clause of this Indenture pursuant to which the redemption shall occur;

(2) the redemption date;

(3) the principal amount of Notes to be redeemed; and

(4) the redemption price and the amount of accrued and unpaid interest to the redemption date.

If the redemption price is not known at the time such notice is to be given, the actual redemption price, calculated as described in the terms of the Notes to be redeemed, shall be set forth in an Officer's Certificate of the Company delivered to the Trustee no later than two Business Days prior to the redemption date.

Section 3.02 *Selection of Notes to Be Redeemed or Purchased*.

If less than all the Notes are to be redeemed, the Trustee shall select the Notes to be redeemed subject to DTC's Applicable Procedures for Global Notes in any manner that the Trustee deems fair and appropriate, including by lot, pro rata or other method. The Trustee shall make the selection at least 10 days but no more than 60 days before the redemption date from Notes outstanding not previously called for redemption. The Trustee will select the Notes to be redeemed in principal amounts of $100,000 or integral multiples of $1,000 in excess thereof (or if a PIK Payment has been made, in minimum denominations of $1.00 and integral multiples of $1.00 in excess thereof with respect to the portion of any Note constituting PIK Interest). If less than all outstanding Notes are to be redeemed, any selection of Notes to be redeemed shall be subject to the Applicable Procedures in the case of any Global Note. The Trustee will make the selection at least 10 days but no more than 60 days before the redemption date from outstanding Notes not previously called for redemption. Provisions of this Indenture that apply to Notes called for redemption also apply to portions of Notes called for redemption.

Section 3.03 *Notice of Redemption*.

At least 10 days but not more than 60 days before a redemption date, the Company shall mail a notice of redemption by first-class mail to each Holder whose Notes are to be redeemed, except that redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of this Indenture pursuant to Article 8 hereof.

The notice shall identify the Notes to be redeemed and shall state:

(a) the redemption date;

(b) the redemption price;

(c) the name and address of the Paying Agent;

(d) if any Notes are being redeemed in part, the portion of the principal amount of the Notes to be redeemed and that, after the redemption date and upon surrender of the Notes, new Notes in principal amount equal to the unredeemed portion of the original Notes shall be issued in the name of the Holder thereof upon cancellation of the original Notes;

(e) that Notes called for redemption must be surrendered to the Paying Agent to collect the redemption price;

(f) that interest on the Notes called for redemption ceases to accrue on and after the redemption date unless the Company defaults in the deposit of the redemption price;

(g) the CUSIP number, if any; and

(h) any other information as may be required by the terms of the Notes being redeemed.

At the Company's request, the Trustee shall give the notice of redemption in the Company's name and at its expense; *provided*, *however*, that the Company has delivered to the Trustee, at least 10 days (unless a shorter time shall be acceptable to the Trustee) prior to the notice date, an Officer's

Certificate requesting that the Trustee give such notice and setting forth the information to be stated in such notice.

Any such redemption may, at the Company's discretion, be subject to one or more conditions precedent, including the consummation of a Change of Control. In addition, if such redemption or notice is subject to satisfaction of one or more conditions precedent, such notice shall state that, in the Company's discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied or waived, or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied or waived by the redemption date, or by the redemption date so delayed.

Section 3.04 *Effect of Notice of Redemption*.

Once notice of redemption is mailed as provided in Section 3.03, Notes called for redemption become due and payable on the redemption date and at the redemption price. Upon surrender to the Paying Agent, the Notes shall be paid at the redemption price plus accrued interest, to the redemption date. If the redemption notice is given and funds deposited as required by Section 3.05, then interest will cease to accrue on and after the redemption date on the Notes or portions of such Notes called for redemption.

Section 3.05 *Deposit of Redemption or Purchase Price*.

On or before 11:00 a.m., New York City time, on the redemption date, the Company shall deposit with the Paying Agent money sufficient to pay the redemption price of and accrued interest, on all Notes to be redeemed on that date. In the event that any redemption date is not a Business Day, the Company will pay the redemption price on the next Business Day without any interest or other payment due to the delay.

Section 3.06 *Notes Redeemed or Purchased in Part*.

Upon surrender of Notes that are redeemed in part, the Trustee shall authenticate for the Holder a new Note of the same maturity equal in principal amount to the unredeemed portion of the Note surrendered.

Section 3.07 *Optional Redemption.*

(a) The Company, at its option, may redeem the Notes in whole at any time or in part from time to time, at a redemption price equal (i) to 100% of the principal amount of the Notes to be redeemed, *plus* (ii) the Applicable Premium, *plus* (iii) accrued and unpaid interest (if any) on the principal amount of Notes being redeemed to (but not including) such redemption date (subject to the rights of Holders of Notes on the relevant record date to receive interest on the relevant Interest Payment Date). The Trustee shall have no duty to verify the calculation of any redemption price made by the Company. For avoidance of doubt, after the fifth anniversary of the Closing Date (at which time the Applicable Premium is zero), in no event will clause (ii) of this Section 3.07(a) result in an increase in the redemption price.

(b) Any redemption pursuant to this Section 3.07 shall be made pursuant to the provisions of Sections 3.01 through 3.06 hereof.

ARTICLE 4
COVENANTS

Section 4.01 *Payment of Principal and Interest*.

The Company will pay or cause to be paid the principal of, the Applicable Premium on, and interest, if any, on, the Notes on the dates and in the manner provided in the Notes. Principal, the Applicable Premium and interest, if any, will be considered paid on the date due if the Paying Agent, if other than the Company or a Subsidiary thereof, holds as of 11:00 a.m. Eastern Time on the due date money deposited by the Company in immediately available funds and designated for and sufficient to pay all principal, the Applicable Premium and interest, if any, then due; *provided however*, that if the Company exercises the PIK Option with respect to any Interest Period, the applicable amount of PIK Interest in respect of such Interest Period shall be considered paid on the date due if in accordance with the terms hereof and of the Notes, a PIK Payment is made in respect of such amount of PIK Interest.

Section 4.02 *Reserved.*

Section 4.03 *SEC Reports*.

(a) The Parent will furnish to the Trustee within 30 days after it files them with the SEC, copies of the Parent's annual report and the information, documents and other reports (or copies of such portions of any of the foregoing as the SEC may by rules and regulations prescribe) that the Parent is required to file with the SEC pursuant to Sections 13 and 15(d) of the Exchange Act. Reports, information and documents filed by the Parent with the SEC via the EDGAR system will be deemed to have been furnished to the Trustee as of the time such documents are filed via EDGAR. Delivery of any reports, information and documents to the Trustee will be for informational purposes only, and the Trustee's receipt thereof shall not constitute actual or constructive notice of any information contained therein or determinable from information contained therein, including the Parent's or the Company's compliance with any of its covenants under this Indenture or documents related thereto. The Trustee will not be obligated to monitor or confirm, on a continuing basis or otherwise, the Parent's or Company's compliance with the covenant provisions of this Indenture or monitor any reports or other documents filed with the SEC or via EDGAR.

Section 4.04 *Compliance Certificate*.

To the extent any Notes are outstanding, the Company shall deliver to the Trustee, within 120 days after the end of each fiscal year of the Company, an Officer's Certificate stating that a review of the activities of the Parent and its Subsidiaries during the preceding fiscal year has been made under the supervision of the signing Officers with a view to determining whether the Parent and Company have kept, observed, performed and fulfilled its obligations under this Indenture, and further stating, as to each such Officer signing such certificate, that to the best of his/her knowledge the Parent and Company have kept, observed, performed and fulfilled each and every covenant contained in this Indenture and is not in default in the performance or observance of any of the terms, provisions and conditions hereof (or, if a Default or Event of Default shall have occurred, describing all such Defaults or Events of Default of which the Officer may have knowledge).

Section 4.05 *Reserved.*

Section 4.06 *Stay, Extension and Usury Laws*.

The Company and each of the Guarantors covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law wherever enacted, now or at any time hereafter in force, that may affect the covenants or the performance of this Indenture; and the Company and each of the Guarantors (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law has been enacted.

Section 4.07 *Restricted Payments.*

(a) The Parent shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly:

(1) declare or pay any dividend or make any other payment or distribution on account of the Parent's or any of its Restricted Subsidiaries' Equity Interests (including, without limitation, any payment in connection with any merger or consolidation involving the Parent or any of its Restricted Subsidiaries) or to the direct or indirect holders of the Parent's or any of its Restricted Subsidiaries' Equity Interests in their capacity as such (other than (x) dividends, distributions or payments payable in Qualifying Equity Interests or in the case of preferred stock of the Parent, an increase in the liquidation value thereof and (y) dividends, distributions or payments payable to the Parent or a Restricted Subsidiary of the Parent);

(2) purchase, redeem or otherwise acquire or retire for value any Equity Interests of the Parent;

(3) make any voluntary payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value (collectively for purposes of this clause (3), a "*purchase*") any Indebtedness of the Company or any Guarantor that is contractually subordinated in right of payment to the Notes or the applicable Note Guarantee (excluding any intercompany Indebtedness between or among the Parent and any of its Restricted Subsidiaries), except any scheduled payment of interest and any purchase within two years of the Scheduled Maturity of such Indebtedness; or

(4) make any Restricted Investment (all such payments and other actions set forth in these clauses (1) through (4) being collectively referred to as "*Restricted Payments*"), unless, at the time of and after giving effect to such Restricted Payment, the sum of such Restricted Payment together with the aggregate amount of all other Restricted Payments (other than Restricted Investments) made by the Parent and its Restricted Subsidiaries since the Closing Date and together with Restricted Investments outstanding at the time of giving effect to such Restricted Payment (excluding, in each case, Restricted Payments permitted by

clauses (2) through (21) of Section 4.07(b) hereof), is less than the greater of (i) $0 and (ii) the sum, without duplication, of:

(i) 50% of the Consolidated Net Income (less 100% of such Consolidated Net Income which is a deficit) of the Parent for the period (taken as one accounting period) from April 1, 2013 to the end of the Parent's most recently ended fiscal quarter for which financial statements are available at the time of such Restricted Payment or Restricted Investment; plus 50% of the Consolidated Net Income (less 100% of such Consolidated Net Income which is a deficit) of US Airways for the period (taken as one accounting period) from October 1, 2011 through December 8, 2013; plus

(ii) 100% of the aggregate net cash proceeds and the Fair Market Value of non-cash consideration received by the Parent after the Closing Date, in each case, 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 the Parent, and excluding Excluded Contributions and other than proceeds from any Permitted Warrant Transaction); plus

(iii) 100% of the aggregate net cash proceeds and the Fair Market Value of non-cash consideration received by the Parent or a Restricted Subsidiary of the Parent from the issue or sale of convertible or exchangeable Disqualified Stock of the Parent or a Restricted Subsidiary of the Parent or convertible or exchangeable debt securities of the Parent or a Restricted Subsidiary of the 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 after 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 the Parent); plus

(iv) to the extent that any Restricted Investment that was made after the Closing Date by the Parent or any of its Subsidiaries is (a) sold for cash or otherwise cancelled, liquidated or repaid for cash, or (b) made in an entity that subsequently becomes a Restricted Subsidiary of the Parent, the initial amount of such Restricted Investment (or, if less, the amount of cash received upon repayment or sale); plus

(v) 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 the 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 the Parent's Restricted Investment in such Subsidiary as of the date of such redesignation or (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

(vi) 100% of any dividends received in cash by the Parent or a Restricted Subsidiary of the 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 the Parent, to the extent that such dividends were not otherwise included in the Consolidated Net Income of the Parent for such period;

provided, *however*, there shall be no increase in respect of any amount contemplated by clause (iv), (v) or (vi) of this Section 4.07(a) pursuant to any such clause to the extent such amount otherwise increases the capacity of the Parent or any of its Restricted Subsidiaries to make Restricted Payments pursuant to this Section 4.07(a) or clause (15) of Section 4.07(b).

(b) The provisions of Section 4.07(a) hereof shall 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 Indenture;

(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 the Parent) of, Qualifying Equity Interests or from the substantially concurrent contribution of common equity capital to the Parent; *provided* that the amount of any such net cash proceeds that are utilized for any such Restricted Payment shall not be considered to be net proceeds of Qualifying Equity Interests for purposes of clause (ii) of Section 4.07(a) hereof and shall 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 the 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 Company or any Guarantor that is contractually subordinated in right of payment to the Notes or to the applicable Note Guarantee 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 the Parent or any Restricted Subsidiary of the Parent held by any current or former officer, director, consultant or employee (or their estates or beneficiaries of their estates) of the Parent or any of its Restricted Subsidiaries pursuant to any management equity plan or equity subscription agreement, stock option agreement, shareholders' agreement or other agreement to compensate such persons; *provided* that the aggregate price paid for all such repurchased, redeemed, acquired or retired Equity Interests may not exceed $60.0 million in any twelve-month period (except to the extent such repurchase, redemption, acquisition or retirement is in connection with the acquisition of a Permitted Business or

merger, consolidation or amalgamation otherwise permitted by this Indenture, in which case the aggregate price paid by the Parent and its Restricted Subsidiaries may not exceed $150.0 million in connection with such acquisition of a Permitted Business or merger, consolidation or amalgamation); *provided further* that the Parent or any of its Restricted Subsidiaries may carry over and make in subsequent twelve-month periods, in addition to the amounts permitted for such twelve-month period, up to $30.0 million of unutilized capacity under this clause (5) attributable to the immediately preceding twelve-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 the Parent or its Subsidiaries to cover withholding tax obligations of such persons in respect of such issuance;

(7) so long as no 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 the Parent or any preferred stock of any Restricted Subsidiary of the Parent in each case either outstanding on the Closing Date or issued on or after the Closing Date in accordance with Section 4.08 hereof;

(8) payments of cash, dividends, distributions, advances, common stock or other Restricted Payments by the Parent or any of its Restricted Subsidiaries to allow the payment of cash in lieu of the issuance of fractional shares upon (A) the exercise of options or warrants, (B) the conversion or exchange of Capital Stock of any such Person or (C) the conversion or exchange of Indebtedness or hybrid securities into Capital Stock of any such Person;

(9) the declaration and payment of dividends to holders of any class or series of Disqualified Stock of the Parent or any Disqualified Stock or preferred stock of any Restricted Subsidiary of the Company to the extent such dividends are included in the definition of "Fixed Charges" for such Person;

(10) in the event of a Change of Control, and if no Default shall have occurred and be continuing, the payment, purchase, redemption, defeasance or other acquisition or retirement of any subordinated Indebtedness of the Company or the Parent, in each case, at a purchase price not greater than 101% of the principal amount of such subordinated Indebtedness, plus any accrued and unpaid interest thereon; *provided*, *however*, that prior to such payment, purchase, redemption, defeasance or other acquisition or retirement, the Company or the Parent (or a third party to the extent permitted by this Indenture) has made a Change of Control Offer as a result of such Change of Control (it being agreed that the Company or the Parent may pay, purchase, redeem, defease or otherwise acquire or retire such subordinated Indebtedness even if the purchase price exceeds 101% of the principal amount of such subordinated Indebtedness; *provided* that the amount paid in excess of 101% of such principal amount is otherwise permitted under this Section 4.07);

(11) Restricted Payments made with Excluded Contributions;

(12) the distribution, as a dividend or otherwise, of shares of Capital Stock of, or Indebtedness owed to the Parent or any of its Restricted Subsidiaries by, any Unrestricted Subsidiary;

(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; *provided* that (A) in connection with any full or partial "spin-off" or similar transactions of the Subsidiary that is the Company, the Parent would, on the date of such distribution after giving pro forma effect thereto as if the same had occurred at the beginning of the applicable four-quarter period, (i) be permitted to incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in Section 4.08(a) hereof or (ii) the Fixed Charge Coverage Ratio for the Parent and its Restricted Subsidiaries would be greater than or equal to such ratio for the Parent and its Restricted Subsidiaries immediately prior to such transaction and (B) for any full or partial "spin-off" or similar transactions of any Subsidiary that is not the Company, no Default has occurred and is continuing;

(14) 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 $600.0 million since the Closing Date;

(15) so long as no Default has occurred and is continuing, any Restricted Payment (other than a Restricted Investment) made on and after the Closing Date in an aggregate amount not to exceed $900.0 million;

(16) 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 the Parent or any Restricted Subsidiary of the Parent;

(17) 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 the Parent or any of its Restricted Subsidiaries pursuant to the exercise, settlement or termination of any related Permitted Bond Hedge Transaction;

(18) (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 the Parent's or a parent company of the 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 the such common stock) or similar transaction with respect to the Parent, such parent company or such common stock, cash and/or other property;

(19) so long as no Default has occurred and is continuing, Restricted Payments (i) made to purchase or redeem Equity Interests of the Parent or (ii) consisting of payments in respect of any Indebtedness (whether for purchase or prepayment thereof or otherwise);

(20) any Restricted Payment so long as both before and after giving effect to such Restricted Payment, the Parent and its Restricted Subsidiaries have Cash Liquidity of at least $2.2 billion; and

(21) Restricted Payments in an aggregate amount which, when taken together with all other Restricted Payments made pursuant to this clause (21), do not exceed 5.0% of the Consolidated Tangible Assets of the Parent and its Restricted Subsidiaries (calculated at the time of such Restricted Payment).

(c) For purposes of determining compliance with this Section 4.07, if a proposed Restricted Payment (or portion thereof) meets the criteria of more than one of the categories of Restricted Payments set forth in clauses (1) through (21) of Section 4.07(b) hereof, or is entitled to be made pursuant to Section 4.07(a) hereof, the Parent shall 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 4.07.

(d) Notwithstanding anything in this Indenture to the contrary, if a Restricted Payment is made (or any other action is taken or omitted under this Indenture) 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.

(e) 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 the Parent or such Restricted Subsidiary of the Parent, as the case may be, pursuant to the Restricted Payment.

Section 4.08 *Incurrence of Indebtedness and Issuance of Preferred Stock.*

(a) The Parent shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, "*incur*") any Indebtedness (including Acquired Debt), and the Parent shall not issue any Disqualified Stock and shall not permit any of its Restricted Subsidiaries to issue any shares of preferred stock; *provided*, *however*, that the Parent may incur Indebtedness (including Acquired Debt) or issue Disqualified Stock and its Restricted Subsidiaries may incur Indebtedness (including Acquired Debt) or issue preferred stock, if the Parent's Fixed Charge Coverage Ratio for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or such Disqualified Stock or such preferred stock is issued, as the case may be, would have been at least 1.1 to 1.0, determined on a pro forma basis (including a pro forma application of the net proceeds therefrom), as if the additional Indebtedness had been incurred or the

Disqualified Stock or the preferred stock had been issued, as the case may be, at the beginning of such four-quarter period.

(b) The provisions of Section 4.08(a) hereof shall not prohibit the incurrence of any of the following items of Indebtedness (collectively, "*Permitted Debt*"):

(1) the incurrence by the Company and the Parent of the Notes and Note Guarantees (including any PIK or any increase in the principal amount of any Note as a result of any PIK Payments) and any Permitted Refinancing Indebtedness that is incurred to renew, refund, refinance, replace, defease, extend or discharge any other Indebtedness incurred pursuant to this clause (1);

(2) the incurrence by the Parent or any of its Restricted Subsidiaries of the Existing Indebtedness, the Existing Notes and any Indebtedness that is incurred pursuant to or in lieu of a commitment in existence as of the Closing Date;

(3) the incurrence by the Parent or any of its Restricted Subsidiaries of (a) Indebtedness and letters of credit (and reimbursement obligations with respect thereto) under Credit Facilities in an aggregate principal amount at any one time outstanding under this clause (3) (with letters of credit being deemed to have a principal amount equal to the maximum potential liability of the Parent and its Restricted Subsidiaries thereunder) not to exceed the greater of (i) $21.0 billion or (ii) 40% of the Consolidated Tangible Assets of the Parent and its Restricted Subsidiaries (calculated at the time of such incurrence) and (b) Indebtedness and letters of credit (and reimbursement obligations with respect thereto) under Credit Facilities secured on a junior priority basis by some or all of the collateral securing Indebtedness under Credit Facilities contemplated by clause (a) of this clause (3) in an aggregate principal amount at any one time outstanding under this clause (3)(b) (with letters of credit being deemed to have a principal amount equal to the maximum potential liability of the Parent and its Restricted Subsidiaries thereunder) not to exceed $4.0 billion;

(4) the incurrence by the Parent or any of its Restricted Subsidiaries of Indebtedness (including Finance Lease Obligations, mortgage financings, purchase money obligations and government bond financings) incurred to finance (or to reimburse the Parent or any of its Restricted Subsidiaries for) all or any part of the purchase price or cost of use, design, construction, installation or improvement of property, plant or equipment (including without limitation (and in each case, whether or not owned by the Parent or its Restricted Subsidiaries) Aircraft Related Facilities or Aircraft Related Equipment) used in the business of the Parent or any of its Restricted Subsidiaries;

(5) the incurrence by the Parent or any of its Restricted Subsidiaries of (A) Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, extend, defease or discharge any Indebtedness (other than intercompany Indebtedness) that was permitted by this Indenture to be incurred under Section 4.08(a) hereof or clause (2), (4), (5), (6), (13), (20), (21), (24) or (25) of this Section 4.08(b) and (B) Permitted Refinancing Indebtedness secured by Aircraft Related Equipment or other assets replacing, renewing, refunding, extending, refinancing, defeasing or discharging any other Indebtedness of the Parent or any of its Restricted Subsidiaries that

was secured by Aircraft Related Equipment or other assets; including, in the case of both clauses (a) and (b), the incurrence (including by way of assumption, merger or co-obligation) by one or more of the Parent and its Restricted Subsidiaries of Indebtedness of any other Restricted Subsidiaries in connection with, or in contemplation of, a spin-off of such other Restricted Subsidiary;

(6) the incurrence by the Parent or any of its Restricted Subsidiaries of Indebtedness, Disqualified Stock or preferred stock (including Acquired Debt) (A) as part of, or to finance, the acquisition (including by way of merger) of any Permitted Business, (B) incurred in connection with, or as a result of, the merger, consolidation or amalgamation of any Person (including the Parent or any of its Restricted Subsidiaries) that owns a Permitted Business with or into the Parent or a Restricted Subsidiary of the Parent, or into which the Parent or a Restricted Subsidiary of the Parent is merged, consolidated or amalgamated, or (C) that is an outstanding obligation or commitment to enter into an obligation of a Person that owns a Permitted Business at the time that such Person is acquired by the Parent or a Restricted Subsidiary of the Parent and becomes a Restricted Subsidiary of the Parent;

(7) the incurrence by the Parent or any of its Restricted Subsidiaries of intercompany Indebtedness between or among the Parent and/or any of its Restricted Subsidiaries;

(8) the issuance by any Restricted Subsidiary of the Parent to the Parent or to any of its Restricted Subsidiaries of shares of preferred stock;

(9) the incurrence by the Parent or any of its Restricted Subsidiaries of Hedging Obligations in the Ordinary Course of Business;

(10) the Guarantee (including by way of co-obligation or assumption) by the Parent or any Restricted Subsidiary of the Parent of Indebtedness of the Parent or a Restricted Subsidiary of the Parent (including in connection with or in contemplation of a spin-off of the original obligor of the guaranteed or assumed Indebtedness) to the extent that the guaranteed Indebtedness was permitted to be incurred by another provision of this Section 4.08; *provided* that if the Indebtedness being guaranteed is subordinated to or *pari passu* with the Notes, then the Guarantee must be subordinated or *pari passu*, as applicable, to the same extent as the Indebtedness guaranteed or assumed;

(11) the incurrence by the Parent or any of its Restricted Subsidiaries of Indebtedness or reimbursement obligations in respect of workers' compensation claims, self-insurance obligations (including reinsurance), bankers' acceptances, performance bonds and surety bonds in the Ordinary Course of Business (including without limitation in respect of customs obligations, landing fees, taxes, airport charges, overfly rights and any other obligations to airport and governmental authorities);

(12) the incurrence by the Parent or any of its Restricted Subsidiaries of Indebtedness in respect of any overdrafts and related liabilities arising from treasury, depository and cash management services or in connection with any automated clearing house transfers of funds;

(13) Indebtedness (a) constituting credit support or financing from aircraft or engine or parts manufacturers or their affiliates or (b) incurred to finance or refinance Aircraft Related Equipment or other operating assets (including, without limitation, to reimburse the Parent or any of its Restricted Subsidiaries for the acquisition cost of any of the foregoing, to finance any pre-delivery, progress or similar payment or pursuant to a sale and lease-back) (whether in advance of or at any time following any acquisition of items being financed, and whether such Indebtedness is unsecured in whole or in part or is secured by such items or by other items or by any combination); *provided* that the principal amount of such Indebtedness incurred in reliance on subsection (b) of this clause (13), at the time of incurrence of such Indebtedness, may exceed the aggregate incurred and anticipated costs to finance acquisition of the item or items being financed by such Indebtedness (calculated at the time of incurrence of such Indebtedness and determined in good faith by an Officer of the Parent or Restricted Subsidiary, as applicable, (including reasonable estimates of anticipated costs) and calculated to include, without limitation, purchase price, fees, expenses, repayment of any pre-delivery financing and related interest expense (whether or not capitalized) and premium (if any), delivery and late charges and other costs associated with such acquisition (as so calculated, for purposes of this proviso, the "*financing costs*")) but, if such principal amount exceeds such financing costs, it may not exceed the aggregate Fair Market Value of the item or items securing such 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);

(14) Indebtedness issued to current or former directors, consultants, managers, officers and employees and their spouses or estates (a) to purchase or redeem Capital Stock of the Parent issued to such director, consultant, manager, officer or employee in an aggregate principal amount not to exceed $30.0 million in any twelve-month period or (b) pursuant to any deferred compensation plan approved by the Board of Directors of the Parent;

(15) reimbursement obligations in respect of standby or documentary letters of credit or banker's acceptances;

(16) surety and appeal bonds that do not secure judgments that constitute an Event of Default;

(17) Indebtedness of the Parent or any of its Restricted Subsidiaries to Credit Card, travel charge or clearing house processors in connection with Credit Card processing, travel charge or clearing house services incurred in the Ordinary Course of Business, whether in the form of hold-backs or otherwise;

(18) the incurrence by a Receivables Subsidiary of Indebtedness in a Qualified Receivables Transaction that is without recourse to the Parent or to any other Restricted Subsidiary of the Parent or their assets (other than such Receivables Subsidiary and its assets and, as to the Parent or any other Restricted Subsidiary of the Parent, other than Standard Securitization Undertakings) and is not guaranteed by any such Person;

(19) the incurrence of Indebtedness of the Parent or any of its Restricted Subsidiaries owed to one or more Persons in connection with the financing of insurance premiums in the Ordinary Course of Business;

(20) Indebtedness in respect of or in connection with tax-exempt or tax-advantaged municipal bond and similar financings related to Aircraft Related Facilities;

(21) Credit Card purchases of fuel;

(22) Indebtedness arising from agreements of the Parent or any of its Restricted Subsidiaries providing for indemnification, adjustment of purchase price or similar obligations, in each case, incurred or assumed in connection with the acquisition or disposition of any business, assets or a Subsidiary; *provided* that, in the case of a disposition, the maximum assumable liability in respect of all such Indebtedness shall at no time exceed the gross proceeds, including non-cash proceeds (the Fair Market Value of such non-cash proceeds being measured at the time received and without giving effect to any subsequent changes in value) actually received by the Parent or any of its Restricted Subsidiaries in connection with such disposition;

(23) Indebtedness of the Parent or any of its Restricted Subsidiaries consisting of take-or-pay or like obligations contained in supply, maintenance, repair, power-by-the-hour, overhaul or like agreements either (A) entered into in the Ordinary Course of Business or (B) otherwise customary, typical or appropriate for a Permitted Business;

(24) the incurrence by the Parent or any of its Restricted Subsidiaries of additional Indebtedness that is either (A) unsecured and expressly contractually subordinated in right of payment to the prior payment in full in cash of all Note Obligations on terms not materially less favorable to the Holders of the Notes than those customary at the time of incurrence (determined in good faith by a senior financial officer of the Parent) for senior subordinated “high yield” debt securities or (B) unsecured, pari passu in right of payment with all Note Obligations and convertible into common stock of the Parent; *provided* that the aggregate principal amount of Indebtedness incurred pursuant to clauses (A) and (B) together, including all Permitted Refinancing Indebtedness incurred to renew, refund, refinance, replace, extend, defease or discharge any Indebtedness incurred pursuant to this clause (24), does not exceed $1.5 billion at any time outstanding; and

(25) the incurrence by the Parent or any of its Restricted Subsidiaries of additional Indebtedness in an aggregate principal amount (or accreted value, as applicable), including all Permitted Refinancing Indebtedness incurred to renew, refund, refinance, replace, extend, defease or discharge any Indebtedness incurred pursuant to this clause (25), not to exceed $3.0 billion, at any time outstanding.

(c) For purposes of determining compliance with this Section 4.08, if an item of Indebtedness meets the criteria of more than one of the categories of Permitted Debt set forth in clauses (1) through (25) of Section 4.08(b) hereof or is entitled to be incurred pursuant to Section 4.08(a) hereof, the Parent shall be permitted to classify all or a portion of such item of Indebtedness on the date of its incurrence, or later reclassify all or a portion of such item of Indebtedness, in any

manner that complies with this Section 4.08; *provided* that the term "Existing Indebtedness" shall not include any Indebtedness that is permitted to be incurred under clause (1) or (3) of the definition of Permitted Debt. Additionally, all or any portion of any item of Indebtedness may later be reclassified as having been incurred pursuant to Section 4.08(a) hereof or under any category of Permitted Debt described in clauses (1) through (25) of Section 4.08(b) so long as such item (or portion) of Indebtedness is permitted to be incurred pursuant to such provision at the time of reclassification.

(d) None of the following shall constitute an incurrence of Indebtedness or an issuance of preferred stock or Disqualified Stock for purposes of this Section 4.08:

(1) the accrual of interest or preferred stock dividends;

(2) the accretion or amortization of original issue discount;

(3) the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms;

(4) the reclassification of preferred stock or any other instrument or transaction as Indebtedness due to a change in accounting principles or in GAAP; and

(5) the payment of dividends on preferred stock or Disqualified Stock in the form of additional shares of the same class of preferred stock or Disqualified Stock.

(e) For purposes of determining compliance with any U.S. dollar-denominated restriction on the incurrence of Indebtedness, the U.S. dollar-equivalent principal amount of Indebtedness denominated in a foreign currency shall be utilized, calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred. Notwithstanding any other provision of this Section 4.08, the maximum amount of Indebtedness that the Parent or any of its Restricted Subsidiaries may incur pursuant to this Section 4.08 shall not be deemed to be exceeded solely as a result of fluctuations in exchange rates or currency values.

(f) The amount of any Indebtedness outstanding as of any date shall be:

(1) the accreted value of the Indebtedness as of such date, in the case of any Indebtedness issued with original issue discount;

(2) the principal amount of the Indebtedness as of such date, in the case of any other Indebtedness; and

(3) in respect of Indebtedness of another Person secured by a Lien on the assets of the specified Person, the lesser of:

(A) the Fair Market Value of such assets as of such date; and

(B) the amount of the Indebtedness of the other Person as of such date.

Section 4.09 *Reserved.*

Section 4.10 *Offer to Repurchase Upon Change of Control.*

(a) If a Change of Control occurs, each Holder of the Notes shall have the right to require the Company to repurchase all or any part (equal to a minimum denomination of $100,000 or an integral multiple of $1,000 in excess thereof (or, if a PIK Payment has been made, in a minimum denomination of $1.00 or an integral multiple of $1.00 in excess thereof with respect to the portion of any Note constituting PIK Interest) of that Holder's Notes pursuant to an offer (a "*Change of Control Offer*") at a purchase price in cash equal to 101% of the aggregate principal amount of Notes repurchased, plus accrued and unpaid interest on the Notes repurchased to (but not including) the date of purchase (the "*Change of Control Payment*"). Within 30 days following any Change of Control, the Company shall deliver (with a copy to the Trustee) a notice to each Holder describing the transaction or transactions that constitute the Change of Control and stating:

(1) that the Change of Control Offer is being made pursuant to this Section 4.10 and that all Notes tendered shall be accepted for payment;

(2) the purchase price and the purchase date, which shall be no earlier than 30 days and no later than 60 days from the date such notice is delivered (the "*Change of Control Payment Date*");

(3) that any Note not tendered shall continue to accrue interest;

(4) that, unless the Company defaults in the payment of the Change of Control Payment, all Notes accepted for payment pursuant to the Change of Control Offer shall cease to accrue interest after the Change of Control Payment Date;

(5) that Holders of Notes electing to have any Notes purchased pursuant to a Change of Control Offer shall be required to surrender the Notes, with the form entitled "Option of Holder to Elect Purchase" attached to the Notes completed, or transfer the Notes by book-entry transfer, to the Paying Agent at the address specified in the notice prior to the close of business on the third Business Day preceding the Change of Control Payment Date;

(6) that Holders of Notes shall be entitled to withdraw their election if the Paying Agent receives, not later than the close of business on the second Business Day preceding the Change of Control Payment Date, a telegram, telex, facsimile transmission or letter setting forth the name of the Holder, the principal amount of Notes delivered for purchase, and a statement that such Holder is withdrawing its election to have the Notes purchased; and

(7) that Holders of Notes whose Notes are being purchased only in part shall be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered, which unpurchased portion must be equal to $100,000 in principal amount or an integral multiple of $1,000 in excess thereof (or if a PIK Payment has been made, in a

minimum denomination of $1.00 or an integral multiple of $1.00 in excess thereof with respect to the portion of any Note constituting PIK Interest).

The Company shall comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Change of Control. To the extent that the provisions of any securities laws or regulations conflict with the provisions of this Section 4.10, the Company shall comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations under this Section 4.10 by virtue of such compliance.

(b) On the Change of Control Payment Date, the Company shall, to the extent lawful:

(1) accept for payment all Notes or portions of Notes properly tendered pursuant to the Change of Control Offer;

(2) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all Notes or portions of Notes properly tendered; and

(3) deliver or cause to be delivered to the Trustee the Notes properly accepted together with an Officer's Certificate stating the aggregate principal amount of Notes or portions of Notes being purchased by the Company.

The Paying Agent shall promptly deliver (or pay by wire transfer) (but in any case not later than five days after the Change of Control Payment Date) to each Holder of the Notes properly tendered the Change of Control Payment for such Notes, and the Company shall issue, and the Trustee shall promptly authenticate and deliver (or cause to be transferred by book entry) to each such Holder, a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any. The Company shall publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

(c) Notwithstanding anything to the contrary in this Indenture or the Notes:

(1) the Company shall not be required to make a Change of Control Offer upon a Change of Control if (i) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in this Section 4.10 and purchases all Notes properly tendered and not withdrawn under the Change of Control Offer or (ii) notice of redemption with respect to all Notes has been given pursuant to Sections 3.01, 3.03 and 3.07 hereof, unless and until there is a default in payment of the applicable redemption price; and

(2) a Change of Control Offer may be made in advance of a Change of Control, conditioned upon the consummation of such Change of Control, if a definitive agreement is in place for the Change of Control at the time the Change of Control Offer is made.

(d) If Holders of not less than 90% in aggregate principal amount of the outstanding Notes validly tender and do not withdraw such Notes in a Change of Control Offer and the Company, or any third party making a Change of Control Offer in lieu of the Company as described above, purchases all of the Notes validly tendered and not withdrawn by such Holders, the Company or such third party will have the right, upon not less than 10 days nor more than 60 days' prior notice, given not more than 30 days following such purchase pursuant to the Change of Control Offer described above, to redeem all Notes that remain outstanding following such purchase at a price in cash equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to (but not including) the redemption date. Any redemption pursuant to this Section 4.10(d) shall be made pursuant to the provisions of Sections 3.01 through 3.06 hereof.

(e) For avoidance of doubt, the Company's failure to make a Change of Control Offer would constitute a Default under clause (4)(iii) of the definition of "Event of Default" in Section 6.01 hereof and not clause (2) or (3) of the definition of "Event of Default" in Section 6.01 hereof, but the failure of the Company to pay the Change of Control Payment when due shall constitute a Default under clause (2) of the definition of "Event of Default" in Section 6.01 hereof.

Section 4.11 *Designation of Restricted and Unrestricted Subsidiaries.*

(a) The Board of Directors of the Parent may designate any Restricted Subsidiary (other than the Company) 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 the Parent and its Restricted Subsidiaries in the Subsidiary designated as an Unrestricted Subsidiary shall be deemed to be an Investment made as of the time of the designation. That designation shall be permitted only if the Investment would be permitted at that time under Section 4.07 hereof and if the Restricted Subsidiary otherwise meets the definition of an "Unrestricted Subsidiary."

(b) Any designation of a Subsidiary of the Parent as an Unrestricted Subsidiary shall be evidenced to the Trustee by filing with the Trustee a certified copy of a resolution of the Board of Directors of the Parent giving effect to such designation and an Officer's Certificate certifying that such designation complied with the preceding conditions. The Board of Directors of the Parent may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary of the Company; *provided* that such designation shall be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of the Parent of any outstanding Indebtedness of such Unrestricted Subsidiary and such designation shall be permitted only if (i) the incurrence of such Indebtedness is permitted under Section 4.08 hereof, calculated on a pro forma basis as if such designation had occurred at the beginning of the applicable reference period and (ii) no Default would be in existence following such designation.

(c) For avoidance of doubt, the Company may not be designated as an Unrestricted Subsidiary.

Section 4.12 *Limitations on Liens*

(a) The 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.

(b) Notwithstanding anything in this Indenture or any Collateral Document to the contrary, (1) no Indebtedness of the Parent or any of its Restricted Subsidiaries is permitted to be secured by Liens on the Collateral that are expressly designated or described in the applicable definitive documentation (including any intercreditor agreement, security agreement or other collateral document) as ranking senior to Liens on the Collateral securing the Note Obligations; and (2) the only Indebtedness that is permitted to be secured by Liens on the Collateral that are expressly designated or described in the applicable definitive documentation (including any intercreditor agreement, security agreement or other collateral document) as ranking *pari passu* with Liens on the Collateral securing the Note Obligations is Indebtedness that is secured by Liens incurred in reliance on clause (17) of the definition of "Permitted Liens".

Section 4.13 *Delivery of Appraisals*

(a) A single time during each calendar year, commencing in 2021, with respect to each category of Collateral; and

(b) Within the 45-day period following a request by the Controlling Party if an Event of Default has occurred and is continuing,

the Company will deliver to the Trustee and the Collateral Agent one or more Appraisals establishing the Appraised Value of the Collateral (other than with respect to cash or Cash Equivalents in the Collateral) which, for avoidance of doubt, shall not be required to include an Appraisal of Gate Leaseholds. The Company will make copies of these Appraisals available on a private, restricted website to which noteholders, prospective investors, broker-dealers and securities analysts are given access. For avoidance of doubt, the Company may (but shall not be required to) deliver Appraisals to the Trustee and the Collateral Agent on additional dates with greater frequency than is required pursuant to the provisions above.

(c) For avoidance of doubt, the Appraised Value of any Additional Collateral (other than any cash or Cash Equivalents) pledged by the Company or another Grantor that has not previously been included in an Appraisal shall be deemed to be zero until an Appraisal of such Additional Collateral has been delivered to the Trustee and the Collateral Agent.

(d) For avoidance of doubt, the Company's failure to deliver any Appraisal required by clauses (a) or (b) above will be deemed to constitute an Event of Default for purposes of clause (4) under Section 6.01 hereof upon expiration of the applicable grace period.

Section 4.14 *Collateral Coverage Ratio*

(a) Within thirty (30) Business Days after delivery of each Appraisal that is required to be delivered pursuant to Section 4.13 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 Company will deliver to the Trustee 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 the Core Collateral.

(b) (x) If the Collateral Coverage Ratio with respect to any Reference Date is less than 1.6 to 1.0, the Company 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 (subject to Permitted Liens) and/or (B) prepay or cause to be prepaid Pari Passu Debt 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 Pari Passu 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 Company 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 (subject to Permitted Liens) such that following such grant the Collateral shall include the Core Collateral or (B) deliver irrevocable and unconditional notice of redemption with respect to all then-outstanding Notes pursuant to Section 3.03 and satisfy and discharge this Indenture pursuant to Article 8 hereof no later than 15 days following delivery of such notice of redemption.

(c) In the event any property described in clauses (d) or (e) of the definition of "Additional Collateral" is to be pledged by the Company or any other Grantor as Additional Collateral, the Company will appoint the Collateral Agent or another collateral agent or security trustee to serve as the security trustee under the applicable Aircraft Security Agreement or Spare Engines 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 Engines Security Agreement, as the context requires, shall be deemed to refer to such security trustee. The Company will cause such security trustee to join the Intercreditor Agreement or any other applicable intercreditor agreement.

Section 4.15 *Dispositions and Release of Collateral*

(a) Neither the Company nor any Grantor shall Dispose of or release any Collateral (including, without limitation, by way of any Sale of a Grantor), except that any Disposition or release shall be permitted (i) in the case of a Permitted Disposition or (ii) in the case of any Disposition or release of Collateral that is not a Permitted Disposition; *provided* that in the case of any Disposition or release of Collateral that is not a Permitted Disposition (A) upon consummation of any such Disposition or release, 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 or release (including any deposit of any Net Proceeds received upon consummation thereof in the Collateral Proceeds Account subject to an Account Control Agreement); or (II) the Company shall (1) grant (or cause another Grantor to grant) a security interest in Additional Collateral (subject to Permitted Liens) and/or (2) prepay or cause to be prepaid Pari Passu Debt such that following such actions in clauses (1) and/or (2) above, the Collateral Coverage Ratio, recalculated by adding the Appraised Value of any such Additional Collateral and any such Net Proceeds to clause (i) of the

definition of Collateral Coverage Ratio and subtracting any such prepaid Pari Passu Debt from clause (ii) of the definition of Collateral Coverage Ratio, shall be no less than 1.6 to 1.0 (*provided* that in the case of any Disposition or release that is not a voluntary Disposition or release of Collateral by the Company or such Grantor, the Company shall have up to 45 days after such Disposition to accomplish the actions contemplated by this clause (II)), (C) after giving effect to such Disposition or release, the Collateral shall include the Core Collateral, (D) the aggregate Appraised Value of all Collateral Disposed of or released shall not exceed $100,000,000 (the "*Disposition and Release Threshold*") (*provided* that, in the case of this clause (D), (I) Collateral (other than Collateral constituting Cure Collateral) having an aggregate Appraised Value in excess of the Disposition and Release Threshold (when taken together with the aggregate Appraised Value of all Collateral Disposed of and/or released within the Disposition and Release Threshold) may be Disposed of (each such Disposition, a "*Specified Disposition*") so long as an amount equal to (x) the Net Proceeds of such Specified Disposition (to the extent in excess of the unused amount, if any, of the Disposition and Release Threshold immediately prior to such Specified Disposition), less (y) the Other Pari Passu Debt Amount (the "*Asset Sale Offer Amount*") is applied to make an Asset Sale Offer, which Asset Sale Offer is commenced no more than five Business Days after the completion of such Specified Disposition (it being understood that if such Asset Sale Offer is made, the requirements of this clause (I) will be deemed to be satisfied regardless of whether or not any Notes are tendered in such Asset Sale Offer) and (II) Collateral constituting Cure Collateral having an aggregate Appraised Value in excess of the Disposition and Release Threshold (when taken together with the aggregate Appraised Value of all Collateral Disposed of and/or released within the Disposition and Release Threshold) may be Disposed of or released without having to make an Asset Sale Offer; and (E) the Company shall promptly provide to the Collateral Agent a Collateral Coverage Ratio Certificate calculating the Collateral Coverage Ratio and certifying that the Collateral includes the Core Collateral after giving effect to such Disposition or release and any actions taken pursuant to clause (B)(II) above.

(b) [Reserved].

(c) [Reserved].

(d) Notwithstanding anything herein to the contrary, the Collateral Agent's Liens on the Collateral will also be released as provided in Section 11.05.

(e) [Reserved].

Section 4.16 *Offer to Repurchase by Application of Net Proceeds*

(a) Each Asset Sale Offer shall remain open for not less than 30 or more than 60 days immediately following its commencement, except to the extent that a longer period is required by applicable law (the "*Asset Sale Offer Period*"). Within three Business Days immediately after the termination of the Asset Sale Offer Period, the Asset Sale Offer Purchase Date shall occur and the Company shall apply the Asset Sale Offer Amount to purchase the principal amount of Notes properly tendered.

(b) The Company shall comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations

are applicable in connection with the repurchase of the Notes as a result of an Asset Sale Offer. To the extent that the provisions of any securities laws or regulations conflict with the provisions of this Section 4.16, the Company shall comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations under this Section 4.16 by virtue of such compliance.

(c) If the Asset Sale Offer Purchase Date is on or after a record date and on or before the related Interest Payment Date, any accrued and unpaid interest to, but excluding, the Asset Sale Offer Purchase Date shall be paid to the Person in whose name a tendered Note accepted for purchase is registered at the close of business on such record date, and unless the Company defaults in making payment for such tendered Note pursuant to the Asset Sale Offer, no additional interest shall be payable to Holders of such tendered Note.

(d) Upon the commencement of an Asset Sale Offer, the Company shall deliver (with a copy to the Trustee) a notice to each Holder, which shall contain all instructions and materials necessary to enable such Holders to tender Notes pursuant to the Asset Sale Offer. The Asset Sale Offer shall be made to all Holders of Notes. The notice, which shall govern the terms of the Asset Sale Offer, shall state:

(1) that the Asset Sale Offer is being made pursuant to this Section 4.16 and the length of time the Asset Sale Offer shall remain open;

(2) the Asset Sale Offer Amount, the purchase price and the Asset Sale Offer Purchase Date;

(3) that any Note not tendered or accepted for payment shall continue to accrue interest;

(4) that, unless the Company defaults in making such payment, any Note accepted for payment pursuant to the Asset Sale Offer shall cease to accrue interest after the Asset Sale Offer Purchase Date;

(5) that Holders of Notes electing to have any Notes purchased pursuant to an Asset Sale Offer may only elect to have Notes purchased in minimum denominations of $100,000 or integral multiples of $1,000 in excess thereof (or if a PIK Payment has been made, in a minimum denomination of $1.00 or an integral multiple of $1.00 in excess thereof with respect to the portion of any Note constituting PIK Interest);

(6) that Holders of Notes electing to have any Notes purchased pursuant to an Asset Sale Offer shall be required to surrender the Notes, with the form entitled “Option of Holder to Elect Purchase” attached to the Notes completed, or transfer the Notes by book-entry transfer, to the Paying Agent at the address specified in the notice prior to the close of business on the third Business Day preceding the Asset Sale Offer Purchase Date;

(7) that Holders of Notes shall be entitled to withdraw their election if the Paying Agent receives, not later than the close of business on the second Business Day preceding the expiration of the Asset Sale Offer Period, a telegram, telex, facsimile transmission or letter

setting forth the name of the Holder, the principal amount of Notes delivered for purchase, and a statement that such Holder is withdrawing its election to have the Notes purchased;

(8) that, if the aggregate principal amount of Notes surrendered by Holders exceeds the Asset Sale Offer Amount, the Trustee shall select the Notes to be purchased on a *pro rata* basis (with such adjustments as may be deemed appropriate by the Company so that only Notes in denominations of at least $100,000, or integral multiples of $1,000 in excess thereof, shall be purchased); and

(9) that Holders of Notes whose Notes are being purchased only in part shall be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered, which unpurchased portion must be equal to $100,000 in principal amount or an integral multiple of $1,000 in excess thereof (or if a PIK Payment has been made, in a minimum denomination of $1.00 or an integral multiple of $1.00 in excess thereof with respect to the portion of any Note constituting PIK Interest).

(e) On the Asset Sale Offer Purchase Date, the Company shall, to the extent lawful, accept for payment, on a *pro rata* basis to the extent necessary, all Notes or portions of Notes properly tendered pursuant to the Asset Sale Offer or, if less than the Asset Sale Offer Amount has been tendered by Holders, all Notes properly tendered in response to the Asset Sale Offer, and shall deliver to the Holders a notice stating that such Notes or portions of Notes were accepted for payment by the Company in accordance with the terms of this Section 4.16. The Paying Agent shall promptly deliver (or pay by wire transfer) (but in any case not later than five days after the Asset Sale Offer Purchase Date) to each Holder of the Notes properly tendered an amount equal to the purchase price of the Notes properly tendered by such Holder and accepted by the Company for purchase, and the Trustee shall promptly authenticate and deliver (or cause to be transferred by book entry) to each such Holder, a new Note equal in principal amount to any unpurchased portion of the Note surrendered, if any. Any Note not so accepted shall be promptly mailed or delivered by the Company to the Holder thereof.

(f) Other than as specifically provided in this Section 4.16, any purchase pursuant to this Section 4.16 shall be made pursuant to the applicable provisions of Sections 3.01 through 3.06.

Section 4.17 *Liquidity*

The 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 4.18 *Regulatory matters; citizenship; utilization; reporting*

(a) So long as any of the Notes remain outstanding, and, in each case, except as would not reasonably be expected to have a Material Adverse Effect and, as applicable, subject to Dispositions permitted under this Indenture, the Company 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 as currently in effect or as may be amended or recodified from time to time;

(3) possess and maintain all necessary certificates, exemptions, franchises, 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 any Pledged Route Authority and Pledged Slots, and to the conduct of its business and operations as currently conducted, in each case, to the extent necessary for the Company's operation of the Scheduled Services, if any;

(4) maintain Pledged Foreign Gate Leaseholds, if any, sufficient to ensure its ability to operate the Scheduled Services, if any, and to preserve its right in and to its Pledged Slots;

(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;

(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" (taking into account any waivers, exemptions or other relief granted by the relevant governmental authority or Airport Authority);

(7) utilize its Pledged Route Authorities, if any, in a manner consistent with Title 49, applicable foreign law, the applicable rules and regulations of the FAA, DOT and any applicable foreign aviation authorities, and any applicable treaty in order to preserve its rights to operate the Scheduled Services, if any;

(8) cause to be done all things reasonably necessary to preserve and keep in full force and effect its authority to operate the Scheduled Services, if any; and

(9) without in any way limiting the foregoing, the Company will promptly take all such steps as may be reasonably necessary to obtain renewal of its authority to serve its Pledged Route Authorities, if any, from the DOT and any applicable foreign aviation authorities, in each case to the extent necessary to operate the Scheduled Services, if any, within a reasonable time prior to the expiration of such authority (as prescribed by law or regulation, if any), and promptly notify the Trustee if it has been informed that such authority will not be renewed.

(b) The Company 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 its Pledged Route Authorities, if any, and have access to its Pledged Foreign Gate Leaseholds, if any.

(c) Notwithstanding any of the foregoing, it is understood and agreed that (i) any Disposition of Collateral permitted by this Indenture shall be permitted by the provisions described above, and nothing herein shall prohibit the Company or any Grantor from reducing the frequency of flight operations over its Scheduled Services, if any, or other scheduled service or suspending or cancelling its Scheduled Services, if any, or other scheduled service, (ii) nothing shall restrict or prohibit or require the Company or any Guarantor 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 Company or any of its Affiliates; *provided* that any other Slot received by the Company 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 (iii) neither the Company 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 the Route Authority, Slots, or Foreign Gate Leaseholds to air carriers generally (and not solely to the Company or solely to any 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 4.19 *Additional Guarantors*

(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 guarantee the Notes by executing a supplement to this Indenture, substantially in the form attached as Exhibit F hereto, and a supplement to the Note Guarantee, substantially in the form attached as Exhibit E hereto; 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 Note 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 Note Obligations, then Parent will promptly cause such Domestic Subsidiary to guarantee the Notes by executing a supplement to this Indenture, substantially in the form attached as Exhibit F hereto, and a supplement to the Note Guarantee, substantially in the form attached as Exhibit E hereto, 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 Note Obligations.

(c) Notwithstanding the provisions in Section 4.19(a) and 4.19(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 Company.

Section 4.20 *Further Assurances*

(a) With respect to Pledged Route Authorities, Pledged Slots and Pledged Gate Leaseholds, upon the reasonable request of the Controlling Party, the Company 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;

(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 Company or the applicable Grantor shall take, or cause to be taken, upon the reasonable request of the Controlling Party, 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 Controlling Party will furnish any security trustee appointed pursuant to Section 4.14(c) with such instruments, in execution form, and such other information, as may be required to enable such security trustee (or any Person on its behalf) 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 Company or the applicable Grantor shall take, or cause to be taken, upon the reasonable request of the Controlling Party, 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 Company 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 Collateral Agent for such title insurer to deliver endorsements to such title insurance as reasonably requested by the Applicable Party), 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 Applicable Party determines such appraisals are legally required and which the Company or the applicable Grantor will use commercially reasonable efforts to obtain), in each case, that the Controlling Party 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; and

(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 Company or the applicable Grantor shall take, or cause to be taken, upon the reasonable request of the Controlling Party, 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.

Section 4.21 *Post-Closing Matters*

The Company shall deliver each of the documents, instruments and agreements and take each of the actions set forth on Schedule 1 within the time periods set forth on such Schedule.

ARTICLE 5
SUCCESSORS

Section 5.01 *Merger and Sales of Assets.*

(a) The Company and the Parent may consolidate with or merge into, or convey, transfer or lease all or substantially all of the Company's or the Parent's properties and assets to, any Person (including in connection with an Airlines Merger); *provided* that:

(1) the resulting, surviving or transferee Person is a Person organized and existing under the laws of the United States of America, any state thereof or the District of Columbia, and expressly assumes by a supplemental indenture and the applicable documentation with respect to the Collateral Documents, all of the Company's or the Parent's, as applicable, obligations under the Collateral Documents, the Notes and this Indenture (in the case of the Company) or the obligations under the applicable Note Guarantee (in the case of the Parent);

(2) except in connection with any Airlines Merger, immediately after giving effect to such transaction, no Event of Default shall have occurred and be continuing; and

(3) the Company shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel stating that such consolidation, merger or transfer and such supplemental indenture (if any) complies with this Indenture.

(b) Any such successor shall succeed to and be substituted for, and may exercise every right and power of, the Company or the Parent, whichever is party to such transaction, under this Indenture, but the predecessor issuer, in the case of a lease of all or substantially all of its assets, shall not be released from the obligation to pay the principal of and interest on the Notes.

(c) For avoidance of doubt, this Section 5.01 shall not restrict mergers, conveyances, transfers or leases by a Restricted Subsidiary of the Parent that is not the Parent or the Company.

Section 5.02 *Successor Corporation Substituted*.

Upon any consolidation or merger, or any sale, lease, conveyance or other disposition of all or substantially all of the assets of the Company in accordance with Section 5.01, the successor corporation formed by such consolidation or into or with which the Company is merged or to which such sale, lease, conveyance or other disposition is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company under this Indenture with the same effect as if such successor person has been named as the Company herein; *provided*, *however*, that the predecessor Company in the case of a sale, conveyance or other disposition (other than a lease) shall be released from all obligations and covenants under this Indenture and the Notes.

ARTICLE 6
DEFAULTS AND REMEDIES

Section 6.01 *Events of Default*.

An "*Event of Default*" occurs with respect to the Notes if any of the following occurs:

(1) any representation or warranty set forth in Section 4.1 of the Note Purchase Agreement, excluding any representation or warranty solely as it relates to the IP Notes, 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 30 Business Days after the earlier of (i) a Responsible Officer of the Company obtaining knowledge of such default or (ii) receipt by the Company of notice from the Trustee of such default;

(2) default in any payment of the principal amount or the Applicable Premium on any of the Notes when such amount becomes due and payable at Stated Maturity, upon acceleration, redemption or otherwise;

(3) failure to pay (i) interest on the Notes when such interest becomes due and payable and such failure continues for a period of 5 Business Days or (ii) any other amount when such other amount becomes due and payable and such failure continues for a period of 10 Business Days after the Company receives written notice thereof from the Trustee;

(4) failure to comply with (i) Section 4.14 hereof (for avoidance of doubt, subject to the cure provisions thereof), (ii) Section 4.17 and such failure continues for 10 Business Days after the notice specified below or (iii) any of the other covenants or agreements applicable to the Notes (other than those referred to in (1), (2), (3), (4)(i) or (4)(ii) above) and such failure continues for 60 days after the notice specified below;

(5) except as permitted by this Indenture, any Note Guarantee is held in any judicial proceeding to be unenforceable or invalid or ceases for any reason to be in full force and effect, or the Parent denies or disaffirms in writing its obligations under its Note Guarantee;

(6) the Parent or any of the Parent's Restricted Subsidiaries that is a Significant Subsidiary or any group of Restricted Subsidiaries of the Parent that, taken together, would constitute a Significant Subsidiary pursuant to or within the meaning of any Bankruptcy Law: or

(A) commences a voluntary case,

(B) consents to the entry of an order for relief against it in an involuntary case,

(C) consents to the appointment of a Bankruptcy Custodian of it or for all or substantially all of its property,

(D) makes a general assignment for the benefit of its creditors, or

(E) consents to or acquiesces in the institution of a bankruptcy or an insolvency proceeding against it;

(7) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(A) is for relief against the Parent or any Restricted Subsidiary of the Parent that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary in an involuntary case,

(B) appoints a Bankruptcy Custodian of the Parent, any Restricted Subsidiary of the Parent that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary or for all or substantially all of its (or their) property, or

(C) orders the liquidation of the Parent, any Restricted Subsidiary of the Parent that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary, and the order or decree remains unstayed and in effect for 60 days;

(8) (a) any Collateral Document ceases to be in full force and effect (except as permitted by the terms of this Indenture or the Collateral Documents or other than as a result of any action, inaction or delay of the Trustee or the Collateral Agent) for a period of 60 consecutive days after the Company receives notice specified below, or (b) any of the Collateral Documents ceases to give the holders a valid, perfected (subject to Permitted Liens) security interest (except as permitted by the terms of this Indenture or the Collateral Documents or other than as a result of any action, inaction or delay of the Trustee or Collateral Agent) for a period of 60 consecutive days after the Company receives notice specified below, in each case with respect to Collateral having an Appraised Value in excess of $100,000,000 in the aggregate with respect to clauses (a) and (b) (as determined in good faith by a responsible financial or accounting officer of the Company);

(9) there is entered by a court or courts of competent jurisdiction against Parent, the Company 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;

(10) (a) [Reserved], (b) the Company or any of its Restricted Subsidiaries shall default in the performance of any obligation relating to any 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 (c) the Company or any of its Restricted Subsidiaries 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 Company or any of its Restricted Subsidiaries, 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, which Indebtedness is in an aggregate principal amount at any single time unpaid exceeding $150,000,000;

(11) a termination of a Plan of the Company or an ERISA Affiliate pursuant to Section 4042 of ERISA and such termination would reasonably be expected to result in a Material Adverse Effect; or

(12) failure to preserve and keep in full force and effect the corporate existence of the Parent or the Company in accordance with the respective organizational documents (as the same may be amended from time to time) of Parent or the Company (except pursuant to a transaction that complies with Article 5 hereof).

A Default under clause (3)(ii), (4)(ii), (4)(iii) or (8) of this Section 6.01 shall not constitute an Event of Default until the Trustee notifies the Company of the Default, or the Controlling Party (or, from and after the Disposition Date, the Applicable Holders) notifies the Company and the Trustee of the Default, and in each case the Company does not cure such Default within (i) in the case of clause (4)(ii), 10 Business Days after receipt of such notice, or (ii) otherwise, 60 days after receipt of such notice.

The term "*Bankruptcy Custodian*" means any receiver, trustee, assignee, liquidator or similar official under any Bankruptcy Law.

Section 6.02 *Acceleration*.

If an Event of Default occurs and is continuing (other than an Event of Default referred to in Section 6.01(6) or Section 6.01(7)), then in every such case the Trustee or the Controlling Party (or, from and after the Disposition Date, the Applicable Holders) may declare the principal amount of

and accrued and unpaid interest, if any, on all of the Notes to be due and payable immediately, by a notice in writing to the Company (and to the Trustee if given by Holders), and upon any such declaration such principal amount and accrued and unpaid interest, if any, shall become immediately due and payable. If an Event of Default specified in Section 6.01(6) or 6.01(7) shall occur, the principal amount of and accrued and unpaid interest, if any, on all outstanding Notes shall *ipso facto* become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holder.

At any time after such a declaration of acceleration with respect to any Notes has been made and before a judgment or decree for payment of the money due has been obtained by the Trustee as hereinafter provided in this Article 6, the Controlling Party, by written notice to the Company and the Trustee, may rescind and annul such declaration of acceleration and its consequences if the recession would not conflict with any judgment or decree and if all Events of Default with respect to Notes, other than the non-payment of the principal and interest, if any, of Notes which have become due solely by such declaration of acceleration, have been cured or waived. No such rescission shall affect any subsequent Default or impair any right consequent thereon.

If the Notes are accelerated or otherwise become due prior to their stated maturity, in each case, as a result of an Event of Default (including an Event of Default under clause (6) or (7) of Section 6.01 hereof) (each an "*Acceleration Event*"), the amount of principal of and premium on the Notes that becomes due and payable shall equal 100% of the aggregate principal amount of the Notes plus the Applicable Premium applicable at the time of such Acceleration Event, as if such Acceleration Event were an optional redemption of the Notes accelerated or otherwise becoming due. Without limiting the generality of the foregoing, it is understood and agreed that if an Acceleration Event occurs, the Applicable Premium applicable with respect to an optional redemption of the Notes shall also be due and payable at the time of such Acceleration Event as though the Notes had been optionally redeemed in full at the time of such Acceleration Event and shall constitute part of the Note Obligations, in view of the impracticability and extreme difficulty of ascertaining actual damages and by mutual agreement of the parties as to a reasonable calculation of each Holder's loss as a result thereof. If the Applicable Premium becomes due and payable, it shall be deemed to be principal of the Notes, and interest shall accrue on the full aggregate principal amount of the Notes (including the Applicable Premium) from and after the occurrence of an Acceleration Event, including in connection with an Event of Default under clause (6) or (7) of Section 6.01 hereof. The Applicable Premium payable above shall be presumed to be the liquidated damages sustained by each Holder of the Notes as the result of the acceleration of the Notes and the Company agrees that it is reasonable under the circumstances currently existing. The Applicable Premium shall also be payable in the event the Notes (and/or this Indenture) are satisfied, released or discharged by foreclosure (whether by power of judicial proceeding or otherwise), deed in lieu of foreclosure or by any other similar means. THE COMPANY EXPRESSLY WAIVES (TO THE FULLEST EXTENT IT MAY LAWFULLY DO SO) THE PROVISIONS OF ANY PRESENT OR FUTURE STATUTE OR LAW THAT PROHIBITS OR MAY PROHIBIT THE COLLECTION OF THE FOREGOING PREMIUM IN CONNECTION WITH ANY SUCH ACCELERATION. The Company expressly agrees (to the fullest extent it may lawfully do so) that: (A) the Applicable Premium is reasonable and is the product of an arm's length transaction between sophisticated business people, ably represented by counsel; (B) the Applicable Premium shall be payable notwithstanding the then prevailing market rates at the time acceleration occurs; (C) there has been a

course of conduct between the Holders of the Notes and the Company giving specific consideration in this transaction for such agreement to pay the Applicable Premium; and (D) the Company shall be estopped hereafter from claiming differently than as agreed to in this paragraph. The Company expressly acknowledges that its agreement to pay the Applicable Premium to the Holders of the Notes as herein described is a material inducement to the Holders to purchase the Notes.

Section 6.03 *Collection of Indebtedness and Suits for Enforcement by Trustee*.

The Company covenants that if:

(a) default is made in the payment of any interest on any Notes when such interest becomes due and payable and such default continues for a period of 30 days, or

(b) default is made in the payment of principal of any Notes at the Stated Maturity thereof,

then, the Company will, upon demand of the Trustee, pay to it, for the benefit of the Holders of the Notes, the whole amount then due and payable on the Notes for principal and interest and, to the extent that payment of such interest shall be legally enforceable, interest on any overdue principal and any overdue interest at the rate or rates prescribed therefor in the Notes, and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

If the Company fails to pay such amounts forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust, may institute a judicial proceeding for the collection of the sums so due and unpaid, may prosecute such proceeding to judgment or final decree and may enforce the same against the Company or any other obligor upon the Notes and collect the moneys adjudged or deemed to be payable in the manner provided by law out of the property of the Company or any other obligor upon the Notes, wherever situated.

If an Event of Default with respect to the Notes occurs and is continuing, the Trustee may in its discretion proceed to protect and enforce its rights and the rights of the Holders of Notes by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy.

Section 6.04 *Trustee May File Proofs of Claim*.

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Company or any other obligor upon the Notes or the property of the Company or of such other obligor or their creditors, the Trustee (irrespective of whether the principal of the Notes shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand on the Company for the payment of overdue principal or interest) shall be entitled and empowered, by intervention in such proceeding or otherwise,

(a) to file and prove a claim for the whole amount of principal and interest owing and unpaid in respect of the Notes and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and of the Holders allowed in such judicial proceeding, and

(b) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same, and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.06.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Holder thereof or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

Section 6.05 *Trustee May Enforce Claims Without Possession of Notes*.

All rights of action and claims under this Indenture or the Notes may be prosecuted and enforced by the Trustee without the possession of any of the Notes or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Holders of the Notes in respect of which such judgment has been recovered.

Section 6.06 *Application of Money Collected*.

Any money or property collected by the Trustee pursuant to this Article shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money or property on account of principal or interest, upon presentation of the Notes and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

First: To the payment of all amounts due the Trustee and the Collateral Agent under this Indenture and the Collateral Documents; and

Second: To the payment of the amounts then due and unpaid for principal of and interest on the Notes in respect of which or for the benefit of which such money has been collected, ratably, without preference or priority of any kind, according to the amounts due and payable on the Notes for principal and interest, respectively; and

Third: To the Company.

Section 6.07 *Limitation on Suits*.

No Holder of any Notes shall have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless

(a) such Holder has previously given written notice to the Trustee of a continuing Event of Default with respect to the Notes;

(b) the Controlling Party (or, from and after the Disposition Date, the Applicable Holders) shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder;

(c) such Holder or Holders have offered to the Trustee indemnity or security satisfactory to the Trustee against the costs, expenses and liabilities which might be incurred by the Trustee in compliance with such request;

(d) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and

(e) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Controlling Party;

it being understood, intended and expressly covenanted by the Holder of every Note with every other Holder and the Trustee that no one or more of such Holders shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other of such Holders, or to obtain or to seek to obtain priority or preference over any other of such Holders or to enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable benefit of all such Holders of the Notes (it being understood that the Trustee does not have an affirmative duty to determine whether any direction is prejudicial to any holder of Notes).

Section 6.08 *Unconditional Right of Holders to Receive Principal and Interest*.

Notwithstanding any other provision in this Indenture, the Holder of any Notes shall have the right, which is absolute and unconditional, to receive payment of the principal of and interest, if any, on the Notes on the Stated Maturity of the Notes, including the Stated Maturity expressed in the Notes (or, in the case of redemption, on the redemption date) and to institute suit for the enforcement of any such payment, and such rights shall not be impaired without the consent of such Holder.

Section 6.09 *Restoration of Rights and Remedies*.

If the Trustee or any Holder has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Holder, then and in every such case, subject to any determination in such proceeding, the Company, the Trustee and the Holders shall be restored severally and respectively to their former positions hereunder and thereafter all rights and remedies of the Trustee and the Holders shall continue as though no such proceeding had been instituted.

Section 6.10 *Rights and Remedies Cumulative*.

Except as otherwise provided with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes in Section 2.07, no right or remedy herein conferred upon or reserved to the Trustee or to the Holders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not, to the extent permitted by law, prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 6.11 *Delay or Omission Not Waiver*.

No delay or omission of the Trustee or of any Holder of the Notes to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders, as the case may be.

Section 6.12 *Control by Holders*.

The Controlling Party shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee for the Notes, or exercising any trust or power conferred on the Trustee with respect to the Notes; *provided* that:

(a) such direction shall not be in conflict with any rule of law or with this Indenture,

(b) the Trustee may take any other action deemed proper by the Trustee, which is not inconsistent with such direction,

(c) subject to the provisions of Section 6.02, the Trustee shall have the right to decline to follow any such direction if the Trustee in good faith shall, by a Responsible Officer of the Trustee, determine that the proceeding so directed would involve the Trustee in personal liability, and

(d) prior to taking any action as directed under this Section 6.12, the Trustee shall be entitled to indemnity satisfactory to it in its sole discretion against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

Section 6.13 *Waiver of Past Defaults*.

By notice to the Trustee, the Controlling Party may waive an existing Default and its consequences except (i) a Default in the payment of the principal amount of, the Applicable Premium and accrued and unpaid interest on the Notes, (ii) a Default arising from the failure to redeem or purchase any Notes when required pursuant to the terms of this Indenture or (iii) a Default in respect of a provision that under this Indenture cannot be amended without the consent of each Holder of the Notes affected.

Section 6.14 *Undertaking for Costs*.

All parties to this Indenture agree, and each Holder of any Notes by his acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken, suffered or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section shall not apply to any suit instituted by the Company, to any suit instituted by the Trustee, to any suit instituted by any Holder, or group of Holders, holding in the aggregate more than 10% in principal amount of the outstanding Notes, or to any suit instituted by any Holder for the enforcement of the payment of the principal of or interest on any Notes on or after the Stated Maturity of the Notes, including the Stated Maturity expressed in the Notes (or, in the case of redemption, on the redemption date).

ARTICLE 7
TRUSTEE

Section 7.01 *Duties of Trustee.*

(a) If an Event of Default has occurred and is continuing, the Trustee will exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in its exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) Except during the continuance of an Event of Default:

(1) The Trustee need perform only those duties that are expressly set forth in this Indenture and no implied covenants or obligations shall be read into this Indenture against the Trustee.

(2) In the absence of negligence or willful misconduct on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon Officer's Certificates or Opinions of Counsel furnished to the Trustee and conforming to the requirements of this Indenture; however, in the case of any such Officer's Certificates or Opinions of Counsel which by any provisions hereof are specifically required to be furnished to the Trustee, the Trustee shall examine such Officer's Certificates and Opinions of Counsel to determine whether or not they conform to the form requirements of this Indenture.

(c) The Trustee may not be relieved from liabilities for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(1) this paragraph does not limit the effect of paragraph (b) of this Section 7.01;

(2) the Trustee will not be liable for any error of judgment made in good faith by a Responsible Officer, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts; and

(3) The Trustee shall not be liable with respect to any action taken, suffered or omitted to be taken by it with respect to the Notes in good faith in accordance with the direction of the Controlling Party, the Applicable Holders, or the Holders of a majority in principal amount of the outstanding Notes, as applicable, relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture with respect to the Notes in accordance with Section 6.12.

(d) Whether or not therein expressly so provided, every provision of this Indenture that in any way relates to the Trustee is subject to paragraphs (a), (b), and (c) of this Section 7.01.

(e) The Trustee may refuse to perform any duty or exercise any right or power unless it receives indemnity satisfactory to it against the costs, expenses and liabilities which might be incurred by it in performing such duty or exercising such right or power.

(f) The Trustee shall not be liable for interest on any money received by it except as the Trustee may agree in writing with the Company. Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law. The Trustee shall have no responsibility or liability for any loss which may result from the investment of Collateral and, in the absence of written instruction, the Trustee shall hold any such Collateral uninvested.

(g) No provision of this Indenture shall require the Trustee to risk its own funds or otherwise incur any financial liability in the performance of any of its duties, or in the exercise of any of its rights or powers, if adequate indemnity against such risk is not assured to the Trustee in its satisfaction.

(h) The Paying Agent, the Registrar and any authenticating agent shall be entitled to the protections and immunities as are set forth in paragraphs (e), (f) and (g) of this Section 7.01 and in Section 7.02, each with respect to the Trustee.

Section 7.02 *Rights of Trustee.*

(a) The Trustee may rely on and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document (whether in its original or facsimile form) believed by it to be genuine and to have been signed or presented by the proper person. The Trustee need not investigate any fact or matter stated in the document.

(b) Before the Trustee acts or refrains from acting, it may require an Officer’s Certificate or an Opinion of Counsel or both. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on such Officer’s Certificate or Opinion of Counsel.

(c) The Trustee may act through agents and shall not be responsible for the misconduct or negligence of any agent appointed with due care. No Depositary shall be deemed an agent of the Trustee and the Trustee shall not be responsible for any act or omission by any Depositary.

(d) The Trustee shall not be liable for any action it takes or omits to take in good faith which it believes to be authorized or within its rights or powers, *provided* that the Trustee's conduct does not constitute willful misconduct or negligence.

(e) The Trustee may consult with counsel and the advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder without willful misconduct or negligence, and in reliance thereon.

(f) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders of Notes unless such Holders shall have offered to the Trustee security or indemnity satisfactory to it against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

(g) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit.

(h) The Trustee shall not be deemed to have notice of any Default or Event of Default unless a Responsible Officer of the Trustee has actual knowledge thereof or unless written notice of any event which is in fact such a default is received by the Trustee at the Corporate Trust Office of the Trustee, and such notice references the Notes and this Indenture.

(i) In no event shall the Trustee be liable to any person for special, punitive, indirect, consequential or incidental loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Trustee has been advised of the likelihood of such loss or damage.

(j) The permissive right of the Trustee to take the actions permitted by this Indenture shall not be construed as an obligation or duty to do so.

(k) The Trustee shall not be liable for any amount in excess of the value of the Collateral.

(l) The Trustee shall have no responsibilities as to the validity, sufficiency, value, genuineness, ownership or transferability of the Collateral, written instructions or other documents in connection therewith and will not be regarded as making nor be required to make any representations with respect thereto.

(m) The Trustee shall have no obligation to give, execute, deliver, file, record, authorize or obtain any financing statements, notices, instruments, documents agreements consents or other papers as shall be necessary to (i) create, preserve, perfect or validate the security interest granted to the Collateral Agent pursuant to the applicable Collateral Documents or (ii) enable the Collateral Agent to exercise and enforce its rights under the applicable Collateral Documents with respect to

such pledge and security interest. In addition, the Trustee shall have no responsibility or liability (i) in connection with the acts or omissions of the Company or the Parent in respect of the foregoing or (ii) for or with respect to the legality, validity and enforceability of any security interest created in the Collateral or the perfection and priority of such security interest.

(n) The rights, privileges, protections, immunities and benefits given to the Trustee, including its right to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder, and each agent, custodian and other Person employed to act hereunder.

Section 7.03 *Individual Rights of Trustee*.

The Trustee in its individual or any other capacity may become the owner or pledgee of Notes and may otherwise deal with the Company or an Affiliate of the Company with the same rights it would have if it were not Trustee. Any Agent may do the same with like rights. The Trustee is also subject to Section 7.09.

Section 7.04 *Trustee's Disclaimer*.

The Trustee makes no representation as to the validity or adequacy of this Indenture or the Notes, it shall not be accountable for the Company's use of the proceeds from the Notes, and it shall not be responsible for any statement in the Notes other than its authentication.

Section 7.05 *Notice of Defaults*.

If a Default or Event of Default occurs and is continuing with respect to the Notes and if it is actually known to a Responsible Officer of the Trustee, the Trustee shall mail to each Holder notice of the Default or Event of Default within 90 days after it occurs or, if later, after a Responsible Officer of the Trustee has knowledge of such Default or Event of Default. Except in the case of a Default or Event of Default in payment of principal of, the Applicable Premium or accrued and unpaid interest on the Notes, the Trustee may withhold the notice if and so long a Responsible Officer in good faith determines that withholding the notice is in the interests of Holders of the Notes.

Section 7.06 *Compensation and Indemnity*.

The Company shall pay to the Trustee and the Collateral Agent from time to time compensation for its services as the Company and the Trustee or the Collateral Agent shall from time to time agree upon in writing. The Trustee's and Collateral Agent's compensation shall not be limited by any law on compensation of a trustee of an express trust. The Company shall reimburse the Trustee and the Collateral Agent upon request for all reasonable out of pocket expenses incurred by it. Such expenses shall include the reasonable compensation and expenses of the Trustee's agents and counsel.

The Company shall indemnify each of the Trustee and the Collateral Agent and any predecessor Collateral Agent and any predecessor Trustee (including the cost of enforcement or defending themselves) and hold them harmless against any cost, expense or liability, including taxes (other than taxes based upon, measured by or determined by the income of the Trustee or the

Collateral Agent) incurred by it except as set forth in the next paragraph in the performance of its duties under this Indenture or the Collateral Documents as Trustee or Collateral Agent. The Trustee or the Collateral Agent, as applicable, shall notify the Company promptly of any third party claim for which it may seek indemnity. Failure by the Trustee or the Collateral Agent, as applicable to so notify the Company shall not relieve the Company of its obligations hereunder, unless and to the extent that the Company is materially prejudiced thereby. The Company shall defend the third party claim and the Trustee or the Collateral Agent, as applicable shall cooperate in the defense. The Trustee and the Collateral Agent may have one separate counsel and the Company shall pay the reasonable fees and expenses of such counsel. The Company need not pay for any settlement made without its consent, which consent will not be unreasonably withheld. This indemnification shall apply to officers, directors, employees, shareholders and agents of the Trustee and the Collateral Agent.

The Company need not reimburse any expense or indemnify against any loss or liability incurred by the Trustee or by any officer, director, employee, shareholder or agent of the Trustee through willful misconduct or negligence. The Company need not reimburse any expense or indemnify against any loss or liability incurred by the Collateral Agent or by any officer, director, employee, shareholder or agent of the Collateral Agent through willful misconduct or gross negligence.

To secure the Company's payment obligations in this Section, the Trustee shall have a lien prior to the Notes on all money or property held or collected by the Trustee, except that held in trust to pay principal of and interest on the Notes.

When the Trustee incurs expenses or renders services after an Event of Default specified in Section 6.01(6) or (7) occurs, the expenses and the compensation for the services are intended to constitute administrative expenses for purposes of priority under any Bankruptcy Law.

The provisions of this Section shall survive the termination of this Indenture and resignation or removal of the Trustee or the Collateral Agent.

Section 7.07 *Replacement of Trustee*.

A resignation or removal of the Trustee and appointment of a successor Trustee shall become effective only upon the successor Trustee's acceptance of appointment as provided in this Section.

The Trustee may resign with respect to the Notes by so notifying the Company at least 30 days prior to the date of the proposed resignation. The Controlling Party may remove the Trustee with respect to those Notes by so notifying the Trustee and the Company at least 30 days prior to the date of the proposed removal. The Company may remove the Trustee with respect to the Notes if:

(1) the Trustee fails to comply with Section 7.09;

(2) the Trustee is adjudged a bankrupt or an insolvent or an order for relief is entered with respect to the Trustee under any Bankruptcy Law;

(3) a Custodian or public officer takes charge of the Trustee or its property; or

(4) the Trustee becomes incapable of acting.

If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason, the Company shall promptly appoint a successor Trustee. Within one year after the successor Trustee takes office, the Controlling Party may appoint a successor Trustee to replace the successor Trustee appointed by the Company.

If a successor Trustee with respect to the Notes does not take office within 60 days after the retiring Trustee resigns or is removed, the retiring Trustee (at the Company's expense), the Company or the Controlling Party may petition any court of competent jurisdiction for the appointment of a successor Trustee.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Company. Immediately after that, the retiring Trustee shall transfer all property held by it as Trustee to the successor Trustee subject to the lien provided for in Section 7.06, the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee with respect to the Notes for which it is acting as Trustee under this Indenture. A successor Trustee shall mail a notice of its succession to each Holder of the Notes. Notwithstanding replacement of the Trustee pursuant to this Section 7.07, the Company's obligations under Section 7.06 hereof shall continue for the benefit of the retiring Trustee with respect to expenses and liabilities incurred by it for actions taken or omitted to be taken in accordance with its rights, powers and duties under this Indenture prior to such replacement.

Section 7.08 *Successor Trustee or Collateral Agent by Merger, etc.*

If the Trustee or Collateral Agent consolidates with, merges or converts into, or transfers all or substantially all of its corporate trust business to, another corporation, the successor corporation without any further act shall be the successor Trustee or Collateral Agent, as applicable, subject to Section 7.09.

Section 7.09 *Eligibility; Disqualification*.

There will at all times be a Trustee hereunder that is a corporation organized and doing business under the laws of the United States of America or of any state thereof that is authorized under such laws to exercise corporate trustee power, that is subject to supervision or examination by federal or state authorities and that has a combined capital and surplus of at least $100.0 million as set forth in its most recent published annual report of condition.

Section 7.10 *Limitation on Duty of Trustee in Respect of Collateral.*

(a) Beyond the exercise of reasonable care in the custody thereof, the Trustee shall have no duty as to any Collateral in its possession or control or in the possession or control of any agent or bailee or any income thereon or as to preservation of rights against prior parties or any other rights pertaining thereto and the Trustee shall not be responsible for filing any financing or continuation statements or recording any documents or instruments in any public office at any time or times or otherwise perfecting or maintaining the perfection of any security interest in the Collateral. The

Trustee shall be deemed to have exercised reasonable care in the custody of the Collateral in its possession if the Collateral is accorded treatment substantially equal to that which it accords its own property and shall not be liable or responsible for any loss or diminution in the value of any of the Collateral, by reason of the act or omission of any carrier, forwarding agency or other agent or bailee selected by the Trustee in good faith.

(b) The Trustee shall not be responsible for the existence, genuineness or value of any of the Collateral or for the validity, perfection, priority or enforceability of the Liens in any of the Collateral, for the validity or sufficiency of the Collateral or any agreement or assignment contained therein, for the validity of the title of the Company to the Collateral, for insuring the Collateral or for the payment of taxes, charges, assessments or Liens upon the Collateral or otherwise as to the maintenance of the Collateral. The Trustee shall have no duty to ascertain or inquire as to the performance or observance of any of the terms of this Indenture, the Collateral Documents or any other security documents by the Company, the Guarantors, or the Collateral Agent.

ARTICLE 8
SATISFACTION AND DISCHARGE; DEFEASANCE

Section 8.01 *Satisfaction and Discharge of Indenture*.

This Indenture shall cease to be of further effect (except as hereinafter provided in this Section 8.01), and the Trustee, at the expense of the Company, shall execute instruments acknowledging satisfaction and discharge of this Indenture, when

(a) either

(1) all Notes theretofore authenticated and delivered (other than Notes that have been destroyed, lost or stolen and that have been replaced or paid) have been delivered to the Trustee for cancellation; or

(2) all the Notes not theretofore delivered to the Trustee for cancellation

(a) have become due and payable, or

(b) will become due and payable at their Stated Maturity within one year, or

(c) have been called for redemption or are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Company, or

(d) are deemed paid and discharged pursuant to Section 8.03, as applicable;

and the Company, in the case of (a), (b) or (c) above, has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust an amount of money or Government Securities sufficient for the purpose of paying and discharging the entire indebtedness on the Notes not theretofore delivered to the Trustee for cancellation, for principal of, the Applicable Premium and

interest to the date of such deposit (in the case of Notes which have become due and payable on or prior to the date of such deposit) or to the Stated Maturity or redemption date, as the case may be;

(b) the Company has paid or caused to be paid all other sums payable hereunder by the Company; and

(c) the Company has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture have been complied with.

Notwithstanding the satisfaction and discharge of this Indenture, the obligations of the Company to the Trustee under Section 7.06, and, if money shall have been deposited with the Trustee pursuant to clause (a) of this Section, the provisions of Sections 2.03, 2.06, 2.07, 8.02 and 8.05 shall survive.

Section 8.02 *Application of Trust Funds; Indemnification.*

(a) Subject to the provisions of Section 8.05, all money or Government Securities deposited with the Trustee pursuant to Section 8.01, all money and Government Securities deposited with the Trustee pursuant to Section 8.03 or 8.04 and all money received by the Trustee in respect of Government Securities deposited with the Trustee pursuant to Section 8.03 or 8.04, shall be held in trust and applied by it, in accordance with the provisions of the Notes and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as its own Paying Agent) as the Trustee may determine, to the persons entitled thereto, of the principal and interest for whose payment such money has been deposited with or received by the Trustee or to make mandatory sinking fund payments or analogous payments as contemplated by Section 8.03 or 8.04.

(b) The Company shall pay and shall indemnify the Trustee against any tax, fee or other charge imposed on or assessed against Government Securities deposited pursuant to Section 8.03 or 8.04 or the interest and principal received in respect of such obligations other than any payable by or on behalf of Holders.

(c) The Trustee shall deliver or pay to the Company from time to time upon the Company's request any Government Securities or money held by it as provided in Sections 8.03 or 8.04 which, in the opinion of a nationally recognized firm of independent certified public accountants expressed in a written certification thereof delivered to the Trustee, are then in excess of the amount thereof which then would have been required to be deposited for the purpose for which such Government Securities or money were deposited or received. This provision shall not authorize the sale by the Trustee of any Government Securities held under this Indenture.

Section 8.03 *Legal Defeasance of Notes*.

The Company shall be deemed to have paid and discharged the entire indebtedness on all the outstanding Notes on the 91st day after the date of the deposit referred to in subparagraph (c)(1) hereof, and the provisions of this Indenture, as it relates to the Notes, shall no longer be in effect

(and the Trustee, at the expense of the Company, shall, upon receipt of direction from the Company, execute instruments acknowledging the same), except as to:

(a) the rights of Holders of Notes to receive, from the trust funds described in subparagraph (c)(1) hereof, payment of the principal of and interest on the outstanding Notes on the Stated Maturity of such principal or interest;

(b) the provisions of Sections 2.03, 2.06, 2.07, 8.02, 8.03 and 8.05; and

(c) the rights, powers, trust and immunities of the Trustee hereunder and the Company's obligations in connection therewith;

provided that, the following conditions shall have been satisfied:

(1) the Company shall have irrevocably deposited or caused to be irrevocably deposited (except as provided in Section 8.02(c)) with the Trustee as trust funds in trust for the purpose of making the following payments, specifically pledged as security for, and dedicated solely to, the benefit of the Holders of Notes, cash in U.S. dollars and/or Government Securities, which through the payment of interest and principal in respect thereof in accordance with their terms will provide (and without reinvestment and assuming no tax liability will be imposed on such Trustee), not later than one day before the due date of any payment of money, an amount in cash, sufficient, in the opinion of a nationally recognized independent registered accounting firm expressed in a written certification thereof delivered to the Trustee, to pay and discharge each installment of principal of, the Applicable Premium and interest, if any, on the Notes on the dates such installments of interest or principal are due;

(2) the Company shall have delivered an Officer's Certificate and an Opinion of Counsel to the Trustee to the effect that (i) the Company has received from, or there has been published by, the Internal Revenue Service a ruling, or (ii) since the date of execution of this Indenture, there has been a change in the applicable Federal income tax law, in either case to the effect that, and based thereon such Opinion of Counsel shall confirm that, the Holders of Notes will not recognize income, gain or loss for Federal income tax purposes as a result of such deposit, defeasance and discharge and will be subject to Federal income tax on the same amount and in the same manner and at the same times as would have been the case if such deposit, defeasance and discharge had not occurred;

(3) no Event of Default shall have occurred and be continuing either: (x) on the date of such deposit (other than an Event of Default resulting from the borrowing of funds to be applied to such deposit); or (y) with respect to Events of Default described in Section 6.01(6) and Section 6.01(7) or other bankruptcy, insolvency or reorganization-related Events of Default, at any time in the period ending on the 91st day after the date of deposit;

(4) such defeasance will not result in a breach or violation of, or constitute a default under, this Indenture or any other agreement or instrument to which the Company is a party or by which it is bound;

(5) the Company shall have delivered to the Trustee an Officer's Certificate stating that the deposit was not made by the Company with the intent of preferring the Holders of the Notes over any other creditors of the Company or with the intent of defeating, hindering, delaying or defrauding any other creditors of the Company or others; and

(6) the Company shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent provided for relating to the defeasance contemplated by this Section have been complied with,

(the foregoing being referred to as "*Legal Defeasance*").

Section 8.04 *Covenant Defeasance*.

The Company may omit to comply with respect to the Notes with any term, provision or condition set forth under Sections 4.03, 4.07, 4.08, 4.10, 4.11, 4.12, 4.13, 4.14, 4.15, 4.16, 4.17, 4.18, and 5.01 as well as any additional covenants specified in a supplemental indenture for the Notes (and the failure to comply with any such covenants shall not constitute a Default or Event of Default with respect to the Notes under Section 6.01) and the occurrence of any event specified in a supplemental indenture for the Notes and designated as an Event of Default shall not constitute a Default or Event of Default hereunder, with respect to the Notes, *provided* that the following conditions shall have been satisfied:

(a) With reference to this Section 8.04, the Company has irrevocably deposited or caused to be irrevocably deposited (except as provided in Section 8.02(c)) with the Trustee as trust funds in trust for the purpose of making the following payments specifically pledged as security for, and dedicated solely to, the benefit of the Holders of the Notes, cash in U.S. dollars and/or Government Securities, which through the payment of interest and principal in respect thereof in accordance with their terms, will provide (and without reinvestment and assuming no tax liability will be imposed on such Trustee), not later than one day before the due date of any payment of money, an amount in cash, sufficient, in the opinion of a nationally recognized independent registered public accounting firm expressed in a written certification thereof delivered to the Trustee, to pay and discharge each installment of principal of, the Applicable Premium and interest, if any, on the Notes on the dates such installments of interest or principal are due;

(b) The Company shall have delivered to the Trustee an Opinion of Counsel to the effect that Holders of the Notes will not recognize income, gain or loss for Federal income tax purposes as a result of such deposit and covenant defeasance and will be subject to Federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such deposit and covenant defeasance had not occurred;

(c) No Event of Default shall have occurred and be continuing either: (x) on the date of such deposit (other than an Event of Default resulting from the borrowing of funds to be applied to such deposit); or (y) with respect to Events of Default described in Section 6.01(6) and Section 6.01(7) or other bankruptcy, insolvency or reorganization-related Events of Default, at any time in the period ending on the 91st day after the date of deposit;

(d) Such covenant defeasance will not result in a breach or violation of, or constitute a default under, this Indenture or any other agreement or instrument to which the Company is a party or by which it is bound;

(e) The Company shall have delivered to the Trustee an Officer's Certificate stating the deposit was not made by the Company with the intent of preferring the Holders of the Notes over any other creditors of the Company or with the intent of defeating, hindering, delaying or defrauding any other creditors of the Company or others; and

(f) The Company shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent herein provided for relating to the covenant defeasance contemplated by this Section 8.04 have been complied with,

(the foregoing being referred to as "*Covenant Defeasance*").

Upon a satisfaction and discharge or defeasance pursuant to Article 8 of this Indenture, the Collateral Agent will cease to be a party to the Collateral Documents on behalf of the holders of the Notes and the Collateral will no longer secure the Notes.

Section 8.05 *Repayment to Company*.

Subject to applicable abandoned property law, the Trustee and the Paying Agent shall pay to the Company upon request any money held by them for the payment of principal, the Applicable Premium and interest that remains unclaimed for two years. After that, Holders of Notes entitled to the money must look to the Company for payment as general creditors unless an applicable abandoned property law designates another person.

Section 8.06 *Reinstatement*.

If the Trustee or the Paying Agent is unable to apply any money deposited with respect to Holders of Notes in accordance with Section 8.01 by reason of any legal proceeding or by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the Note Obligations shall be revived and reinstated as though no deposit had occurred pursuant to Section 8.01 until such time as the Trustee or the Paying Agent is permitted to apply all such money in accordance with Section 8.01; *provided*, *however*, that if the Company has made any payment of principal of, the Applicable Premium or interest on the Notes because of the reinstatement of the Note Obligations, the Company shall be subrogated to the rights of the Holders of the Notes to receive such payment from the money or Government Securities held by the Trustee or Paying Agent after payment in full to the Holders.

ARTICLE 9
AMENDMENT, SUPPLEMENT AND WAIVER

Section 9.01 *Without Consent of Holders of Notes*.

The Company, the Guarantors and the Trustee and the Collateral Agent, as applicable, may amend or supplement this Indenture or the Collateral Documents as they apply to the Notes without the consent of any Holder:

(a) to evidence the succession of another Person to the Company or the Parent pursuant to Section 5.01 and the assumption by such successor of the Company's or the Parent's covenants, agreements and obligations under this Indenture and with respect to the Notes;

(b) to surrender any right or power conferred upon the Company or the Parent;

(c) to add to the covenants such further covenants, restrictions, conditions or provisions for the protection of the Holders of the Notes, and to add any additional Events of Default for the Notes for the benefit of the Holders of the Notes; *provided*, *however*, that with respect to any such additional covenant, restriction, condition or provision, such amendment may provide for a period of grace after Default, which may be shorter or longer than that allowed in the case of other Defaults, may provide for an immediate enforcement upon such Default or may limit the right of Controlling Party, the Applicable Holders or the Holders of a majority in aggregate principal amount of the Notes to waive such Default;

(d) to cure any ambiguity or correct or supplement any provision contained in this Indenture, the Collateral Documents, in any supplemental indenture, Officer's Certificate or in the Notes that may be defective or inconsistent with any other provision contained herein or therein;

(e) to convey, transfer, assign, mortgage or pledge any property to or with the Collateral Agent, or to make such other provisions in regard to matters or questions arising under this Indenture as shall not adversely affect the interests of any Holder of the Notes;

(f) to modify or amend this Indenture in such a manner as to permit the qualification of this Indenture or any supplemental indenture under the TIA as then in effect;

(g) to add to or change any provisions of this Indenture to such extent as necessary to permit or facilitate the issuance of the Notes in bearer or uncertificated form, *provided* that any such action shall not adversely affect the interests of any Holder of the Notes in any material respect;

(h) [Reserved];

(i) to provide additional security for the Notes;

(j) to provide additional guarantees for the Notes;

(k) to make changes of a technical or conforming nature to any Collateral Document, in each case in connection with (i) the incurrence of Indebtedness (including secured Indebtedness) or other obligations permitted to be incurred in accordance with Section 4.08 and 4.12 herein, (ii) any Disposition or release of Collateral permitted in accordance with Section 4.15 herein or (iii) any addition of new Collateral.

(l) to make any change that does not adversely affect the rights of any Holder of the Notes;

(m) to evidence and provide for the acceptance of appointment of a separate or successor trustee or collateral agent and to add to or change any of the provisions of this Indenture as shall be

necessary to provide for or facilitate the administration of this Indenture by more than one trustee or collateral agent; or

(n) to change the final scheduled maturity date of the Notes (and the "Maturity Date") to an earlier date, as specified in clause (17) of the definition of "Permitted Liens", in connection with the incurrence of any Pari Passu Debt.

Prior to the Disposition Date, the consent of the Controlling Party (not to be unreasonably withheld, conditioned or delayed) shall be required for the Company, any Guarantor, the Trustee or the Collateral Agent to amend or supplement this Indenture or the Collateral Documents as they apply to the Notes if such amendment or supplement is for any purposes set forth in clause (d) or (k) above.

In addition, the Collateral Documents may be amended in accordance with (i) Article 11 hereof, (ii) Section 7.04(b) of the Intercreditor Agreement (or the corresponding provisions of any comparable intercreditor agreement entered into pursuant to Section 11.03 hereof) and (iii) with respect to any other Collateral Document, as expressly provided in such Collateral Document.

Section 9.02 *With Consent of Holders of Notes*.

The Company and the Trustee and the Collateral Agent, as applicable, may enter into (or provide any applicable consent to) a supplemental indenture or amend or supplement the Collateral Documents as they apply to the Notes with the written consent of the Controlling Party (including consents obtained in connection with a tender offer or exchange offer for the Notes) for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of a Collateral Document, this Indenture or of any supplemental indenture or of modifying in any manner the rights of the Notes. Except as provided in Section 6.13, the Controlling Party by notice to the Trustee (including consents obtained in connection with a tender offer or exchange offer for Notes) may waive compliance by the Company with any provision of this Indenture or the Notes.

However, without the consent of each Holder of an affected Note, an amendment may not:

(a) make any change to the percentage of principal amount of Notes the Holders of which must consent to an amendment or waiver;

(b) reduce the principal amount of, the Applicable Premium or interest (including PIK Interest) on, or extend the Stated Maturity or interest payment periods, of the Notes;

(c) make the Notes of such Holder payable in money, securities or currency other than that as stated in the Notes;

(d) make any change that adversely affects such Holder's right to require the Company to purchase the Notes of such Holder in accordance with the terms of this Indenture;

(e) impair the right of such Holder to institute suit for the enforcement of any payment with respect to the Notes;

(f) except pursuant to the provisions of Article 8 hereto or in connection with a consolidation, merger or conveyance, transfer or lease of assets pursuant to Section 5.01 of this Indenture, release the Parent from its obligations under its Note Guarantee or make any change in any Note Guarantee that would adversely affect such Holder;

(g) make any change to or modify the ranking of, or the priority of the Liens securing, the Notes that would adversely affect the Holders;

(h) expressly subordinate the Notes or any Note Guarantee in right of payment to any other Indebtedness of the Company or any Guarantor (other than in accordance with the express terms of this Indenture); or

(i) modify any of the foregoing provisions of this Section 9.02.

Any amendment to, or waiver of, the provisions of this Indenture or any Collateral Document that has the effect of releasing all or substantially all of the Collateral from the Liens securing the Notes (other than in compliance with Section 11.05 of this Indenture) will require the consent of holders of at least 75% in aggregate principal amount of notes then outstanding.

It shall not be necessary for the consent of the Holders of Notes under this Section 9.02 to approve the particular form of any proposed amendment, supplemental indenture or waiver, but it shall be sufficient if such consent approves the substance thereof. After an amendment, supplemental indenture or waiver under Section 9.01 or this Section 9.02 becomes effective, the Company shall mail to the Holders of Notes, a notice briefly describing the supplemental indenture or waiver. Any failure by the Company to mail or publish such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental indenture or waiver.

Section 9.03 *Revocation and Effect of Consents*.

Until an amendment is set forth in a supplemental indenture or a waiver becomes effective, a consent to it by a Holder of the Notes is a continuing consent by the Holder and every subsequent Holder the Notes or portion of a Note that evidences the same debt as the consenting Holder’s Notes, even if notation of the consent is not made on any Notes. However, any such Holder or subsequent Holder may revoke the consent as to his Notes or portion of a Note if the Trustee receives the notice of revocation before the date of the supplemental indenture or the date the waiver becomes effective.

Any amendment or waiver once effective shall bind every Holder of the Notes affected by such amendment or waiver unless it is of the type set forth in any of clauses (a) through (h) of Section 9.02. In that case, the amendment or waiver shall bind each Holder of the Notes who has consented to it and every subsequent Holder of the Notes or portion of a Notes that evidences the same debt as the consenting Holder of the Notes.

The Company may, but shall not be obligated to, fix a record date for the purpose of determining the Holders entitled to give their consent or take any other action described above or required or permitted to be taken pursuant to this Indenture. If a record date is fixed, then notwithstanding the immediately preceding paragraph, those Persons who were Holders at such record date (or their duly designated proxies), and only those persons, shall be entitled to give such

consent or to revoke any consent previously given or take any such action, whether or not such Persons continue to be Holders after such record date. No such consent shall be valid or effective for more than 120 days after such record date.

Section 9.04 *Notation on or Exchange of Notes*.

The Company or the Trustee may place an appropriate notation about an amendment or waiver on the Notes thereafter authenticated. The Company in exchange for Notes may issue and the Trustee shall authenticate upon request new Notes that reflect the amendment or waiver.

Section 9.05 *Trustee Protected*.

In executing, consenting to or accepting the additional trusts created by, any supplemental indenture permitted by this Article or the modifications thereby of the trusts created by this Indenture or the Collateral Documents, as applicable, the Trustee and the Collateral Agent, as applicable, shall be entitled to receive, and (subject to Section 7.01) shall be fully protected in relying upon, an Officer's Certificate or an Opinion of Counsel or both complying with Section 12.02. The Trustee or Collateral Agent, as applicable, shall sign all amendments supplemental indentures upon delivery of such an Officer's Certificate or Opinion of Counsel or both, except that the Trustee or the Collateral Agent, as applicable, need not sign any supplemental indenture that adversely affects its rights, obligations, indemnities or immunities.

ARTICLE 10
NOTE GUARANTEES

Section 10.01 *Note Guarantees.*

(a) Subject to the provisions of this Article 10, each Guarantor hereby fully, unconditionally and irrevocably guarantees, as primary obligor and not merely as surety, on a joint and several basis, to each Holder of the Notes, the Collateral Agent and the Trustee, the due and punctual payment of the Note Obligations. Each Guarantor agrees that the Note Obligations will rank equally in right of payment with other Indebtedness of such Guarantor, except to the extent such other Indebtedness is subordinate to the Note Obligations, in which case the obligations of the Guarantors under the Note Guarantees will rank senior in right of payment to such other Indebtedness, and except for claims of creditors that are mandatorily preferred by law, in which case the obligations of the Guarantors under the Note Guarantees will rank junior in right of payment to such claims.

(b) To evidence its Note Guarantee set forth in this Section 10.01, each Guarantor hereby agrees that this Indenture (or a supplement thereto, substantially in the form attached as Exhibit F hereto) and, in the case of additional Guarantors added pursuant to Section 4.19 or 9.01(j) hereof, a supplement to the Note Guarantee, substantially in the form attached as Exhibit E hereto shall be executed on behalf of such Guarantor by an Officer of such Guarantor.

(c) Each Guarantor hereby agrees that its Note Guarantee set forth in this Section 10.01 hereof shall remain in full force and effect notwithstanding the absence of the endorsement of any notation of such Note Guarantee on the Notes.

(d) If an Officer whose signature is on this Indenture (or a supplement thereto) or any notation of Guarantee no longer holds that office at the time the Trustee authenticates a Note, the Note Guarantee of such Note shall be valid nevertheless.

(e) Each Guarantor further agrees (to the extent permitted by law) that the Note Obligations may be extended or renewed, in whole or in part, without notice or further assent from it, and that it will remain bound under this Section 10.01 notwithstanding any extension or renewal of any Note Obligation.

(f) Each Guarantor waives presentation to, demand of payment from and protest to the Company of any of the Note Obligations and also waives notice of protest for nonpayment. Each Guarantor waives notice of any default under the Notes or the Note Obligations.

(g) Each Guarantor further agrees that its Note Guarantee herein constitutes a guarantee of payment when due (and not a guarantee of collection) and waives any right to require that any resort be had by any Holder to any security held for payment of the Note Obligations.

(h) Except as set forth in Section 10.04, the obligations of each Guarantor hereunder shall not be subject to any reduction, limitation, impairment or termination for any reason (other than payment of the Note Obligations in full), including any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to any defense of setoff, counterclaim, recoupment or termination whatsoever or by reason of the invalidity, illegality or unenforceability of the Note Obligations or otherwise. Without limiting the generality of the foregoing, the Note Obligations of each Guarantor herein shall not be discharged or impaired or otherwise affected by (a) the failure of any Holder to assert any claim or demand or to enforce any right or remedy against the Company or any other person under this Indenture, the Notes or any other agreement or otherwise; (b) in case of any extension of time of payment or renewal of any Notes or any of such other obligations, that the same will be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at Stated Maturity, by acceleration or otherwise; (c) any rescission, waiver, amendment or modification of any of the terms or provisions of this Indenture, the Notes or any other agreement; (d) the release of any security held by any Holder for the Note Obligations; (e) the failure of any Holder to exercise any right or remedy against any other Guarantor; (f) any change in the ownership of the Company; (g) any default, failure or delay, willful or otherwise, in the performance of the Note Obligations or (h) 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 any Guarantor or would otherwise operate as a discharge of such Guarantor as a matter of law or equity.

(i) Each Guarantor agrees that its Note Guarantee herein shall remain in full force and effect until payment in full of all the Note Obligations or such Guarantor is released from its Note Guarantee in compliance with Section 5.01, Section 8.01 or Section 10.05 hereof. Each Guarantor further agrees that its Note Guarantee herein shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of principal of, the Applicable Premium or interest on any of the Note Obligations is rescinded or must otherwise be restored by any Holder upon the bankruptcy or reorganization of the Company or otherwise.

(j) In furtherance of the foregoing and not in limitation of any other right which any Holder has at law or in equity against any Guarantor by virtue hereof, upon the failure of the Company to pay any of the Note Obligations when and as the same shall become due, whether at maturity, by acceleration, by redemption or otherwise, each Guarantor hereby promises to and will, upon receipt of written demand by the Trustee, forthwith pay, or cause to be paid, in cash, to the Holders, the Collateral Agent or the Trustee on behalf of the Holders an amount equal to the sum of (i) the unpaid amount of such Note Obligations then due and owing and (ii) accrued and unpaid interest on such Note Obligations then due and owing (but only to the extent not prohibited by law) (including interest accruing after the filing of any petition in bankruptcy or the commencement of any insolvency, reorganization or like proceeding relating to the Company or any Guarantor whether or not a claim for postfiling or post-petition interest is allowed in such proceeding).

(k) Each Guarantor further agrees that, as between such Guarantor, on the one hand, and the Holders, on the other hand, (x) the maturity of the Note Obligations guaranteed hereby may be accelerated as provided in this Indenture for the purposes of its Note Guarantee herein, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the Note Obligations guaranteed hereby and (y) in the event of any such declaration of acceleration of such Note Obligations, such Note Obligations (whether or not due and payable) shall forthwith become due and payable by such Guarantor for the purposes of this Note Guarantee.

(l) Each Guarantor also agrees to pay any and all fees, costs and expenses (including attorneys' fees and expenses) incurred by the Trustee, the Collateral Agent or the Holders in enforcing any rights under this Section 10.01.

(m) Any Guarantor may, but shall not be required to be, a Grantor in accordance with Section 11.04.

Section 10.02 *Right of Contribution*.

Each Guarantor hereby agrees that to the extent that any Guarantor shall have paid more than its proportionate share of any payment made on the obligations under the Note Guarantees, such Guarantor shall be entitled to seek and receive contribution from and against the Company or any other Guarantor who has not paid its proportionate share of such payment. The provisions of this Section 10.02 shall in no respect limit the obligations and liabilities of each Guarantor to the Trustee, the Collateral Agent and the Holders and each Guarantor shall remain liable to the Trustee, the Collateral Agent and the Holders for the full amount guaranteed by such Guarantor hereunder.

Section 10.03 *No Subrogation*.

Notwithstanding any payment or payments made by any Guarantor hereunder, no Guarantor shall be entitled to be subrogated to any of the rights of the Trustee, the Collateral Agent or any Holder against the Company or any other Guarantor or any collateral security or guarantee or right of offset held by the Trustee, the Collateral Agent or any Holder for the payment of the Note Obligations, nor shall any Guarantor seek or be entitled to seek any contribution or reimbursement from the Company or any other Guarantor in respect of payments made by such Guarantor hereunder, until all amounts owing to the Trustee, the Collateral Agent and the Holders by the Company on account of the Note Obligations are paid in full. If any amount shall be paid to any

Guarantor on account of such subrogation rights at any time when all of the Note Obligations shall not have been paid in full, such amount shall be held by such Guarantor in trust for the Trustee, the Collateral Agent and the Holders, segregated from other funds of such Guarantor, and shall, forthwith upon receipt by such Guarantor, be turned over to the Trustee in the exact form received by such Guarantor (duly indorsed by such Guarantor to the Trustee, if required), to be applied against the Note Obligations.

Section 10.04 *Limitation of Guarantor's Liability*.

Each Guarantor and, by its acceptance of a Note, each Holder of a Note hereby confirms that it is the intention of all such parties that in no event shall any Note Obligations under the Note Guarantees constitute or result in a fraudulent transfer or conveyance for purposes of, or result in a violation of, any United States federal, or applicable United States state, fraudulent transfer or conveyance or similar law. To effectuate the foregoing intention, in the event that the Note Obligations, if any, in respect of the Notes would, but for this sentence, constitute or result in such a fraudulent transfer or conveyance or violation, then the liability of the applicable Guarantor under its Note Guarantee in respect of the Notes shall be reduced to the extent necessary to eliminate such fraudulent transfer or conveyance or violation under the applicable fraudulent transfer or conveyance or similar law.

Section 10.05 *Releases*.

(a) In the event of any sale or other disposition of all or substantially all of the assets of any Guarantor (other than the Parent), by way of merger, consolidation or otherwise, or a sale or other disposition of all Capital Stock of any Guarantor (other than the Parent), in each case to a Person that is not (either before or after giving effect to such transactions) the Parent or a Restricted Subsidiary of the Parent or the merger or consolidation of a Guarantor (other than the Parent) with or into the Company or another Guarantor, in each case, in a transaction permitted under this Indenture, 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 Note Guarantee; *provided* that such disposition and release is permitted by Section 4.15 (other than Section 4.15(d)).

(b) Upon designation of any Guarantor (other than the Parent) as an Unrestricted Subsidiary in accordance with the terms of this Indenture, such Guarantor will be automatically released and relieved of any obligations under its Note Guarantee.

(c) Upon the request of the Company, the guarantee of any Guarantor (other than the Parent) 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 Company 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 Pari Passu

Debt or any Indebtedness secured by Junior Liens shall be irrevocably released and discharged substantially simultaneously with the release of such guarantee hereunder.

(d) Each Guarantor will be automatically released and relieved of any obligations under its Note Guarantee upon a Legal Defeasance or Covenant Defeasance of the Notes in accordance with Article 8 hereof or upon the satisfaction and discharge of this Indenture in accordance with Article 8 hereof.

ARTICLE 11
COLLATERAL AND SECURITY

Section 11.01 *Security Interest.*

The due and punctual payment of the Note Obligations are secured as provided in the Collateral Documents.

Section 11.02 *Intercreditor Agreements; Authorization of Collateral Documents.*

This Article 11 and the provisions of each Collateral Document are subject to the terms, conditions and benefits set forth in the Intercreditor Agreement, any Other Intercreditor Agreement or any other intercreditor agreement entered into in accordance with Section 11.03 and the other applicable provisions of this Indenture. Each of the parties hereto consents to, and agrees to be bound by, the terms of each such intercreditor agreement, as the same may be in effect from time to time, and to perform its obligations thereunder in accordance with the terms therewith. The Trustee, the Parent and the Company hereby acknowledge and agree that the Collateral Agent holds the Collateral as agent for the benefit of the Secured Parties, in each case pursuant and subject to the terms of this Indenture, the Intercreditor Agreement, any Other Intercreditor Agreement and the other Collateral Documents (including any other security documents, intercreditor agreements or collateral trust agreement entered into after the date hereof in accordance with Section 11.03). Each Holder, by its acceptance of a Note, authorizes and appoints (and authorizes the Trustee to authorize and appoint) Wilmington Trust, National Association, as the Collateral Agent, and the Trustee hereby authorizes and appoints Wilmington Trust, National Association as Collateral Agent. In addition, each Holder, by its acceptance of a Note, consents and agrees to the terms of (and to be bound by) the Intercreditor Agreement, any Other Intercreditor Agreement, each security agreement, and such other Collateral Documents (including such other security documents, mortgages, intercreditor agreements or collateral trust agreements entered into after the date hereof in accordance with Section 11.03), in each case as the same may be in effect or may be amended, supplemented, waived or otherwise modified from time to time in accordance with their terms and the terms of this Indenture, and authorizes and directs the Trustee and the Collateral Agent, as applicable, to enter into each such document and to perform its obligations and exercise its rights thereunder, together with such actions and powers as are reasonably incidental thereto, in accordance therewith (including the provisions of the Collateral Documents providing for the possession, use, release and foreclosure of Collateral and the ranking, priority, enforcement and release of Liens). The Company will deliver an Officer’s Certificate and Opinion of Counsel to the Trustee and/or Collateral Agent, as applicable, prior to the Trustee and/or the Collateral Agent, as the case may be, taking any action pursuant to this Section 11.02.

Section 11.03 *Additional Collateral Documents.*

In connection with any incurrence after the Closing Date of Indebtedness secured by a Lien on any Collateral, which Indebtedness and Lien are permitted by Section 4.08 and Section 4.12 and which Indebtedness and Lien are expressly permitted or required by this Indenture to be subject to an intercreditor agreement (including any Indebtedness secured by (i) a Pari Passu Lien or (ii) a Junior Lien, to the extent permitted by Section 4.08 and Section 4.12), the Company may direct the Collateral Agent to enter into an intercreditor agreement (or an amendment or amendment and restatement or replacement of any prior intercreditor agreement) with the administrative agent, trustee, collateral agent or other party acting as agent for such Indebtedness, which intercreditor agreement (or amendment or amendment and restatement or replacement) meets the applicable requirements of this Indenture in order to implement the applicable security and intercreditor arrangements relating to such Indebtedness. In addition, in connection with any pledge of, or grant of a security interest in, any additional collateral for the benefit of the Notes (including, without limitation, any Additional Collateral), the Company may direct the Collateral Agent to enter into such additional security documents (or amendments or amendment and restatements of existing security documents), in the Company's customary form for the applicable collateral (as determined by the Company in its discretion, unless the applicable requirements of this Indenture expressly provide otherwise), as are necessary or desirable to effect such pledge or grant. The Company will deliver an Officer's Certificate and Opinion of Counsel to the Trustee and/or the Collateral Agent, as applicable, prior to the Trustee and/or the Collateral Agent, as the case may be, taking any action pursuant to this Section 11.03.

Section 11.04 *Additional Grantors*

At any time and from time to time, the Parent or any other Subsidiary (other than the Company) may, but (except as otherwise provided in this Indenture or any Collateral Document) shall not be required to, provide additional collateral for the benefit of the Notes. In such event, the Parent or such Subsidiary shall execute a supplement indenture hereto, and shall thereafter be a "Grantor" (or comparable term) for all purposes under the Collateral Documents. An additional Grantor pursuant to this Section 11.04 may, but (except as otherwise provided in this Indenture) shall not be required to, guarantee the Notes. For avoidance of doubt, as of the date of this Indenture, the Parent is not a Grantor, and all of the Parent's obligations under this Indenture and its guarantee of the Notes are general senior unsecured obligations of the Parent.

Section 11.05 *Release of Liens in Respect of the Notes.*

The Collateral Agent's Liens upon the Collateral will no longer secure the Notes outstanding under this Indenture or any Note Obligations, and the right of the Holders of Notes and such Note Obligations to the benefits and proceeds of the Collateral Agent's Liens on the Collateral will automatically terminate and be discharged:

(a) upon satisfaction and discharge of this Indenture in accordance with Article 8 hereof;

(b) upon a Legal Defeasance or Covenant Defeasance of the Notes in accordance with Article 8 hereof;

(c) upon payment in full and discharge of all Notes outstanding under this Indenture and all Note Obligations that are outstanding, due and payable at the time the Notes are paid in full and discharged;

(d) in whole or in part, with the consent of the Holders of the requisite percentage of Notes in accordance with Article 9 hereof;

(e) solely with respect to any Grantor, upon any disposition of 50% or more of the Capital Stock of such Grantor such that it is no longer a Restricted Subsidiary to the extent not prohibited by the terms of this Indenture; *provided* that such disposition is permitted by Section 4.15 (other than Section 4.15(d));

(f) solely with respect to any Collateral, upon any Disposition of such Collateral to any Person that is not the Parent or a Restricted Subsidiary; *provided* that such disposition is permitted by Section 4.15 (other than Section 4.15(d)); or

(g) solely with respect to any Collateral, to the extent expressly permitted or required pursuant to the applicable Security Agreements.

In addition, the Collateral Agent's Liens on the Collateral will be released (a) upon the terms and subject to the conditions set forth in Section 2.04(b) of the Intercreditor Agreement (or the comparable provisions of any other intercreditor agreement entered into pursuant to Section 11.03 hereof) and (b) to the extent permitted pursuant to Section 4.15(a).

If in connection with any release permitted pursuant to this Section 11.05, the Company may request that the Collateral Agent execute and deliver (or otherwise authorize the filing of) any document or instrument evidencing such release, and, upon the request of the Company, the Collateral Agent shall execute and deliver (or otherwise authorize the filing of) any such document or instrument evidencing such release prepared by and at the expense of the Company upon receipt of an Officer's Certificate and Opinion of Counsel stating that all covenants and conditions precedent under this Indenture and applicable Collateral Documents have been complied with.

ARTICLE 12
MISCELLANEOUS

Section 12.01 *Notices*.

Any notice or communication by the Company, any Guarantor, the Trustee or the Collateral Agent to the others is duly given if in writing and delivered in Person or by first class mail (registered or certified, return receipt requested), facsimile or email transmission or overnight air courier guaranteeing next day delivery, to the others' address:

If to the Company and/or any Guarantor:

American Airlines Group Inc.
1 Skyview Drive
Fort Worth, TX 76155
Attention: Treasurer

with a copy to:

Latham & Watkins LLP
140 Scott Drive
Menlo Park, California
Attention: Anthony J. Richmond
Telephone: ###

and:

Latham & Watkins LLP
885 Third Avenue
New York, New York
Attention: Greg Rodgers
Telephone: ###

if to the Trustee or Collateral Agent:

Wilmington Trust, National Association
50 South Sixth Street, Suite 1290
Minneapolis, MN 55402
Attention: American Airlines, Inc., Administrator
Facsimile: ###

if to the GS Initial Purchasers:

c/o Goldman Sachs & Co. LLC
200 West Street
New York, New York 10282
Attention: Cleaver Sower (Tel: ###)
Patrick Armstrong (Tel: ###)
James Fair (Tel: ###)
Christine Anding (Tel: ###)

with a copy to:

Milbank LLP
55 Hudson Yards
New York, NY 10001
Attention: Rod Miller
Telephone: ###

provided, however, that any requirement under this Indenture to provide notice or any other information to the GS Purchasers shall be deemed satisfied upon delivery of such notice or other information by e-mail to ###, ###, ###, ###and ###.

The Company, any Guarantor, the GS Initial Purchasers, the Trustee or Collateral Agent, by notice to the others, may designate additional or different addresses for subsequent notices or communications.

Whenever this Indenture or any Collateral Document provides for any notice or communication to be delivered to the GS Purchasers or, prior to the Disposition Date, the Controlling Party, such notice or communication will be deemed to have been delivered to the GS Purchasers or Controlling Party, as applicable, if such notice or communication is delivered to the GS Initial Purchasers.

All notices and communications (other than those sent to Holders) will be deemed to have been duly given: at the time delivered by hand, if personally delivered; five Business Days after being deposited in the mail, postage prepaid, if mailed; when receipt acknowledged, if transmitted by facsimile or email; and the next Business Day after timely delivery to the courier, if sent by overnight air courier guaranteeing next day delivery.

Any notice or communication to a Holder will be mailed by first class mail, certified or registered, return receipt requested, or by overnight air courier guaranteeing next day delivery to its address shown on the register kept by the Registrar. Failure to mail a notice or communication to a Holder or any defect in it will not affect its sufficiency with respect to other Holders.

Notwithstanding anything to the contrary set forth herein, any notice or communication required to be given with respect to any Global Note will be sent to the Holder thereof pursuant to the Applicable Procedures.

If a notice or communication is mailed in the manner provided above within the time prescribed, it is duly given, whether or not the addressee receives it.

If the Company mails a notice or communication to Holders, it will mail a copy to the Trustee, the Collateral Agent and each Agent at the same time.

Section 12.02 *Certificate and Opinion as to Conditions Precedent.*

Upon any request or application by the Company to the Trustee to take any action under this Indenture, the Company shall furnish to the Trustee:

(1) an Officer’s Certificate in form and substance reasonably satisfactory to the Trustee (which must include the statements set forth in Section 12.03 hereof) stating that, in the opinion of the signers, all conditions precedent and covenants, if any, provided for in this Indenture relating to the proposed action have been satisfied; and

(2) an Opinion of Counsel in form and substance reasonably satisfactory to the Trustee (which must include the statements set forth in Section 12.03 hereof) stating that, in the opinion of such counsel, all such conditions precedent and covenants have been satisfied

(it being understood that no such Opinion of Counsel shall be required in connection with the initial execution of this Indenture or the initial issuance and authentication of the Notes hereunder).

Section 12.03 *Statements Required in Certificate or Opinion*.

Each certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture must include:

(1) a statement that the Person making such certificate or opinion has read such covenant or condition;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(3) a statement that, in the opinion of such Person, he or she has made such examination or investigation as is necessary to enable him or her to express an informed opinion as to whether or not such covenant or condition has been satisfied; and

(4) a statement as to whether or not, in the opinion of such Person, such condition or covenant has been satisfied.

Section 12.04 *Rules by Trustee and Agents*.

The Trustee may make reasonable rules for action by or at a meeting of Holders. The Registrar or Paying Agent may make reasonable rules and set reasonable requirements for its functions.

Section 12.05 *No Personal Liability of Directors, Officers, Employees and Stockholders*.

No director, officer, employee, incorporator or stockholder of the Company or any Guarantor, as such, will have any liability for any obligations of the Company or the Guarantors under the Notes, this Indenture, the Note Guarantees or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of the Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. The waiver may not be effective to waive liabilities under the federal securities laws.

Section 12.06 *Governing Law; Jurisdiction; Waiver of Jury Trial*.

THE INTERNAL LAW OF THE STATE OF NEW YORK SHALL GOVERN AND BE USED TO CONSTRUE THIS INDENTURE, THE NOTES AND THE NOTE GUARANTEES WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO THE EXTENT THAT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.

Any legal suit, action or proceeding arising out of or based upon this Indenture or the transactions contemplated hereby may be instituted in the federal courts of the United States of America located in the City of New York or the courts of the State of New York in each case located in the City of New York (collectively, the "*Specified Courts*"), and each party irrevocably submits to the non-exclusive jurisdiction of such courts in any such suit, action or proceeding. Service of any process, summons, notice or document by mail (to the extent allowed under any applicable statute or rule of court) to such party's address set forth above shall be effective service of process for any suit, action or other proceeding brought in any such court. The Company, the Trustee, the Collateral Agent and the Holders (by their acceptance of the Notes) each hereby irrevocably and unconditionally waive any objection to the laying of venue of any suit, action or other proceeding in the Specified Courts and irrevocably and unconditionally waive and agree not to plead or claim any such suit, action or other proceeding has been brought in an inconvenient forum.

The Company, the Trustee, the Collateral Agent and the Holders (by their acceptance of the Notes) each hereby irrevocably waive, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Indenture, the Notes or the transactions contemplated hereby or thereby.

Section 12.07 *No Adverse Interpretation of Other Agreements*.

This Indenture may not be used to interpret any other indenture, loan or debt agreement of the Company or its Subsidiaries or of any other Person. Any such indenture, loan or debt agreement may not be used to interpret this Indenture. This Indenture and the exhibits hereto set forth the entire agreement and understanding of the parties related to this transaction and supersedes all prior agreements and understandings, oral or written.

Section 12.08 *Successors*.

All agreements of the Company in this Indenture and the Notes will bind its successors. All agreements of the Trustee and the Collateral Agent in this Indenture will bind its successors.

Section 12.09 *Severability*.

In case any provision in this Indenture or in the Notes is invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired thereby.

Section 12.10 *Counterparts; Electronic Signatures*.

The parties may sign any number of copies of this Indenture. Each signed copy will be an original, but all of them together represent the same agreement. Delivery of an executed counterpart of a signature page to this Indenture by telecopier, facsimile or other electronic transmission (i.e., a "pdf" or "tif") shall be effective as delivery of a manually executed counterpart thereof. A party's electronic signature (complying with the New York Electronic Signatures and Records Act (N.Y. State Tech. §§ 301-309), as amended from time to time, or other applicable law) of this Indenture shall have the same validity and effect as a signature affixed by the party's hand; *provided* that, notwithstanding anything herein to the contrary, neither the Trustee nor the Collateral Agent is under

any obligation to agree to accept electronic signatures in any form or in any format unless agreed to by it pursuant to reasonable procedures approved by such parties.

Section 12.11 *Table of Contents, Headings, etc.*

The Table of Contents and headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only, are not to be considered a part of this Indenture and will in no way modify or restrict any of the terms or provisions hereof.

Section 12.12 *Legal Holidays*.

If the Stated Maturity or any Interest Payment Date, repurchase date, redemption date or other date of payment is not a Business Day, then any action to be taken on such date need not be taken on such date, but may be taken on the immediately following Business Day with the same force and effect as if taken on such date, and no additional interest will accrue for the period from and after such date.

Section 12.13 *U.S.A. Patriot Act*.

The parties hereto acknowledge that in accordance with Section 326 of the U.S.A. Patriot Act, the Trustee and the Collateral Agent, like all financial institutions, in order to help fight the funding of terrorism and money laundering, is required to obtain, verify and record information that identifies each person or legal entity that establishes a relationship or opens an account with the Trustee. The parties to this Indenture agree that they will provide the Trustee and the Collateral Agent with such information as it may request in order for the Trustee or the Collateral Agent or Agent, as applicable, to satisfy the requirements of the U.S.A. Patriot Act.

Section 12.14 *Force Majeure*.

The Trustee and each Agent will not incur any liability for not performing any act or fulfilling any duty, obligation or responsibility hereunder by reason of any occurrence beyond the control of such Person (including, but not limited to, any act or provision of any present or future law or regulation or governmental authority, any act of God or war, earthquake, fire, flood, sabotage, epidemics, riots, labor disputes, civil unrest, local or national disturbance or disaster, any act of terrorism, or the unavailability of the Federal Reserve Bank wire or facsimile or other wire or communication facility), it being understood that the Trustee shall use reasonable best efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

Section 12.15 *Collateral Agent.*

(a) Notwithstanding anything else to the contrary herein, whenever reference is made in this Indenture or the Collateral Documents (including the Intercreditor Agreement or any Other Intercreditor Agreement) to any discretionary action by, consent, designation, specification, requirement or approval of, notice, request or other communication from, or other direction given or action to be undertaken or to be (or not to be) suffered or omitted by the Collateral Agent or to any election, decision, opinion, acceptance, use of judgment, expression of satisfaction or other exercise of discretion, rights or remedies to be made (or not to be made) by the Collateral Agent, it is

understood that in all cases the Collateral Agent shall be fully justified in failing or refusing to take any such action if it shall not have received written instruction, advice or concurrence from, as applicable, the Controlling Party or the Applicable Party (or Holders representing such number or percentage of outstanding aggregate principal of the Notes as shall be expressly provided for herein or in any other Collateral Document) in respect of such action and, if it so requests, it shall first be indemnified to its satisfaction against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. The Collateral Agent shall have no liability for any failure or delay in taking any actions contemplated above as a result of a failure or delay on the part of the Controlling Party, the Applicable Party or such Holders, as applicable, to provide such instruction, advice or concurrence. This provision is intended solely for the benefit of the Collateral Agent and its successors and permitted assigns and is not intended to and will not entitle the other parties hereto to any defense, claim or counterclaim, or confer any rights or benefits on any party hereto. Subject to the foregoing (and the other provisions of this Section 12.15) and the terms of the Collateral Documents and any other applicable provisions of this Indenture, the Collateral Agent shall take such action with respect to any Default or Event of Default as may be requested by the Controlling Party.

(b) The Collateral Agent may resign at any time by notice to the Trustee and the Company, such resignation to be effective upon the acceptance of a successor agent to its appointment as Collateral Agent. The Collateral Agent may be removed by the Company at any time, upon thirty days written notice to the Collateral Agent. If the Collateral Agent resigns or is removed under this Indenture, the Company shall appoint a successor collateral agent. If no successor collateral agent is appointed and has accepted such appointment within 30 days after the Collateral Agent gives notice of resignation or is removed, the retiring Collateral Agent may (at the expense of the Company), at its option, appoint a successor Collateral Agent or petition a court of competent jurisdiction for the appointment of a successor. Upon the acceptance of its appointment as successor collateral agent hereunder, such successor collateral agent shall succeed to all the rights, powers and duties of the retiring Collateral Agent, and the term "Collateral Agent" shall mean such successor collateral agent, and the retiring or removed Collateral Agent's appointment, powers and duties as the Collateral Agent shall be terminated. After the retiring Collateral Agent's resignation or removal hereunder, the provisions of this Section 12.15 (and Section 7.06) shall continue to inure to its benefit and the retiring or removed Collateral Agent shall not by reason of such resignation or removal be deemed to be released from liability as to any actions taken or omitted to be taken by it while it was the Collateral Agent under this Indenture.

(c) Wilmington Trust, National Association shall initially act as Collateral Agent and shall be authorized to appoint co-Collateral Agents, agents or subagents as necessary in its sole discretion and shall not be responsible for the acts or omissions of any co-Collateral Agent, subagent or other agents appointed with due care. Except as otherwise explicitly provided herein, in the Collateral Documents, the Intercreditor Agreement or any Other Intercreditor Agreement, neither the Collateral Agent nor any of its Affiliates or its and their respective officers, directors, employees or agents persons 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 any other Person or to take any other action whatsoever with regard to the Collateral or any part thereof. The Collateral Agent shall be accountable only for amounts that it actually receives as a result of the exercise of such powers.

(d) The Collateral Agent is authorized and directed to (i) enter into the Collateral Documents to which it is party, whether executed on or after the Closing Date, (ii) enter into the Intercreditor Agreement, Other Intercreditor Agreement or any other intercreditor agreement permitted pursuant to Section 11.03, (iii) make the representations of the Holders set forth in the Collateral Documents, the Intercreditor Agreement, any Other Intercreditor Agreement or any other intercreditor agreement permitted pursuant to Section 11.03, (iv) bind the Holders on the terms as set forth in the Collateral Documents, the Intercreditor Agreement, any Other Intercreditor Agreement or any other intercreditor agreement permitted pursuant to Section 11.03 and (v) perform and observe its obligations under the Collateral Documents, the Intercreditor Agreement, any Other Intercreditor Agreement or any other intercreditor agreement permitted pursuant to Section 11.03.

(e) If at any time or times the Trustee shall receive (i) by payment, foreclosure, set-off or otherwise, any proceeds of Collateral or any payments with respect to the Obligations arising under, or relating to, this Indenture, except for any such proceeds or payments received by the Trustee from the Collateral Agent pursuant to the terms of this Indenture, or (ii) payments from the Collateral Agent in excess of the amount required to be paid to the Trustee pursuant to Article 7, the Trustee shall promptly turn the same over to the Collateral Agent, in kind, and with such endorsements as may be required to negotiate the same to the Collateral Agent, with such proceeds to be applied by the Collateral Agent pursuant to the terms of this Indenture, the Collateral Documents, the Intercreditor Agreement, any Other Intercreditor Agreement or any other intercreditor agreement permitted pursuant to Section 11.03.

(f) Neither the Trustee nor the Collateral Agent shall have any obligation whatsoever to any of the Holders to assure that the Collateral exists or is owned by any Grantor or is cared for, protected, or insured or has been encumbered, or that the Collateral Agent's Liens have been properly or sufficiently or lawfully created, perfected, protected, maintained or enforced or are entitled to any particular priority, or to determine whether all of the Grantor's property constituting collateral intended to be subject to the Lien and security interest of the Collateral Documents has been properly and completely listed or delivered, as the case may be, or the genuineness, validity, marketability or sufficiency thereof or title thereto, or to exercise at all or in any particular manner or under any duty of care, disclosure, or fidelity, or to continue exercising, any of the rights, authorities, and powers granted or available to the Collateral Agent pursuant to this Indenture, any Collateral Document, the Intercreditor Agreement, any Other Intercreditor Agreement or any other intercreditor agreement permitted pursuant to Section 11.03, other than pursuant to the instructions of the Controlling Party or as otherwise provided in this Indenture or the Collateral Documents.

(g) Notwithstanding anything to the contrary contained in this Indenture, the Intercreditor Agreement, any Other Intercreditor Agreement or the Collateral Documents, in the event the Collateral Agent is entitled or required to commence an action to foreclose or otherwise exercise its remedies to acquire control or possession of the Collateral, the Collateral Agent shall not be required to commence any such action or exercise any remedy or to inspect or conduct any studies of any property under any mortgages or take any such other action if the Collateral Agent has determined that the Collateral Agent may incur personal liability as a result of the presence at, or release on or from, the Collateral or such property, of any hazardous substances. The Collateral Agent shall at any time be entitled to cease taking any action described in this clause if it no longer reasonably deems any indemnity, security or undertaking from the Company or the Holders to be sufficient.

(h) The Collateral Agent (i) shall not be liable for any action taken or omitted to be taken by it in connection with this Indenture, the Intercreditor Agreement, any Other Intercreditor Agreement and the Collateral Documents or instrument referred to herein or therein, except to the extent that any of the foregoing are found by a final, non-appealable judgment of a court of competent jurisdiction to have resulted from its own gross negligence or willful misconduct, and (ii) shall not be liable for interest on any money received by it except as the Collateral Agent may agree in writing with the Company (and money held in trust by the Collateral Agent need not be segregated from other funds except to the extent required by law).

(i) The Collateral Agent shall exercise reasonable care in the custody of any Collateral in its possession or control or in the possession or control of any agent or bailee. The Collateral Agent shall be deemed to have exercised reasonable care in the custody of Collateral in its possession if the Collateral is accorded treatment substantially equal to that which they accord similar property held for its own benefit and shall not be liable or responsible for any loss or diminution in value of any of the Collateral (or for determining the value of the Collateral), including, without limitation, by reason of the act or omission of any carrier (including overnight carriers with respect to the delivery of possessory collateral), forwarding agency or other agent or bailee selected by the Collateral Agent in good faith.

(j) The parties hereto and the Holders hereby agree and acknowledge that neither the Collateral Agent nor the Trustee shall assume, be responsible for or otherwise be obligated for any liabilities, claims, causes of action, suits, losses, allegations, requests, demands, penalties, fines, settlements, damages (including foreseeable and unforeseeable), judgments, expenses and costs (including but not limited to, any remediation, corrective action, response, removal or remedial action, or investigation, operations and maintenance or monitoring costs, for personal injury or property damages, real or personal) of any kind whatsoever, pursuant to any environmental law as a result of this Indenture, the Intercreditor Agreement, any Other Intercreditor Agreement, the Collateral Documents or any actions taken pursuant hereto or thereto. Further, the parties hereto and the Holders hereby agree and acknowledge that in the exercise of its rights under this Indenture, the Intercreditor Agreement, any Other Intercreditor Agreement and the Collateral Documents, the Collateral Agent or the Trustee may hold or obtain indicia of ownership primarily to protect the security interest of the Collateral Agent or the Trustee in the Collateral and that any such actions taken by the Collateral Agent or the Trustee shall not be construed as or otherwise constitute any participation in the management of such Collateral. In the event that the Collateral Agent or the Trustee is required to acquire title to an asset for any reason, or take any managerial action of any kind in regard thereto, in order to carry out any fiduciary or trust obligation for the benefit of another, which in the Collateral Agent's or the Trustee's sole discretion may cause the Collateral Agent or the Trustee to be considered an "owner or operator" under the provisions of the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), 42 U.S.C. §9601, et seq., or otherwise cause the Collateral Agent or the Trustee to incur liability under CERCLA or any other federal, state or local law, the Collateral Agent and the Trustee reserves the right, instead of taking such action, to either resign as the Collateral Agent or the Trustee or arrange for the transfer of the title or control of the asset to a court-appointed receiver. Neither the Collateral Agent nor the Trustee shall be liable to the Company, the Guarantors or any other Person for any environmental claims or contribution actions under any federal, state or local law, rule or regulation by reason of the Collateral Agent's or the Trustee's actions and conduct as authorized, empowered

and directed hereunder or relating to the discharge, release or threatened release of hazardous materials into the environment.

(k) The Collateral Agent is authorized to receive any funds for the benefit of itself, the Trustee and the Holders distributed under the Collateral Documents, the Intercreditor Agreement or any Other Intercreditor Agreement and to the extent not prohibited under the Intercreditor Agreement or any Other Intercreditor Agreement, for turnover to the Trustee to make further distributions of such funds to itself, the Trustee and the Holders in accordance with the provisions of Section 6.06 and the other provisions of this Indenture.

(l) Notwithstanding anything to the contrary in this Indenture or in any Collateral Document, Intercreditor Agreement or Other Intercreditor Agreement, in no event shall the Collateral Agent be responsible for, or have any duty or obligation with respect to, the recording, filing, registering, perfection, protection or maintenance of the security interests or Liens intended to be created by this Indenture, the Collateral Documents or the Intercreditor Agreement, or Other Intercreditor Agreement (including without limitation the filing or continuation of any Uniform Commercial Code financing or continuation statements or similar documents or instruments), nor shall the Collateral Agent be responsible for, or makes any representation regarding, the validity, effectiveness or priority of any of the Collateral Documents or the security interests or Liens intended to be created thereby.

(m) Before the Collateral Agent acts or refrains from acting in each case at the request or direction of the Company or the Guarantors, it may require an Officers' Certificate and an Opinion of Counsel, which shall conform to the provisions of Section 12.03. The Collateral Agent shall not be liable for any action it takes or omits to take in good faith in reliance on such certificate or opinion.

(n) The Collateral Agent, in executing and performing its duties under the Collateral Documents, shall be entitled to all of the rights, protections, immunities and indemnities granted to it hereunder, including after the satisfaction and discharge of this Indenture or the payment in full of the Notes.

(o) The Collateral Agent (and Trustee) shall be under no obligation to effect or maintain insurance or to renew any policies of insurance or to inquire as to the sufficiency of any policies of insurance carried by the Company or any Guarantor, or to report, or make or file claims or proof of loss for, any loss or damage insured against or that may occur, or to keep itself informed or advised as to the payment of any taxes or assessments, or to require any such payment to be made.

(p) For avoidance of doubt, the rights, privileges, protections, immunities and benefits given to the Collateral Agent hereunder, including, without limitation, its right to be indemnified prior to taking action, shall apply to the Collateral Agent in connection with each of the Collateral Documents and shall survive the satisfaction, discharge or termination of this Indenture or earlier termination or the earlier resignation or removal of the Collateral Agent.

Section 12.16 *Consents and Instructions from the Controlling Party*

Notwithstanding or anything else in this Indenture (including, without limitation, Section 12.01 hereof) or any Collateral Document to the contrary, prior to the Disposition Date, any written instrument executed by GS Initial Purchasers certifying that the Controlling Party has consented to or approved any amendment, waiver, supplement, consent or approval under this Indenture or any Collateral Document and which provides for the consent, approval, waiver, instruction or direction respect of any matter under this Indenture or any Collateral Document shall constitute binding and conclusive evidence for all purposes under this Indenture and the Collateral Documents of the consent, approval, waiver, instruction or direction of the Controlling Party, upon which the Trustee and Collateral Agent and the Company and the Guarantors, will be entitled to conclusively rely without further investigation. For avoidance of doubt, if any such written instrument is delivered to the Company, the Trustee and/or the Collateral Agent, no evidence of consent, approval, waiver, instruction or direction obtained from other GS Purchasers, Beneficial Owners, DTC, any DTC participant or otherwise pursuant to DTC's applicable procedures will be required in order for such consent, approval, waiver, instruction or direction to be effective for all purposes hereunder and under the Collateral Documents. The Company, Trustee and Collateral Agent shall be entitled to conclusively rely that the Disposition Date has not occurred unless and until they have received written notice thereof from the GS Initial Purchasers that the Disposition Date has occurred. For avoidance of doubt, prior to the Disposition Date, the GS Initial Purchasers shall act as the representative for all GS Purchasers, and the Trustee, the Collateral Agent and the Company shall treat any instrument provided by the GS Initial Purchasers as an instrument from all GS Purchasers and all GS Purchasers shall be bound thereby. If the Disposition Date has occurred, and thereafter the GS Purchasers are expressly entitled to exercise any rights, the Trustee and Collateral Agent and the Company and the Guarantors will be entitled to exclusively rely without further investigation on any written instrument executed by GS Initial Purchasers in the same manner provided above notwithstanding the occurrence of a Disposition Date.

[Signatures on following page]

SIGNATURES

Dated as of September 25, 2020

Company:

AMERICAN AIRLINES, INC.

By: /s/ Thomas T. Weir
Name: Thomas T. Weir
Title: Vice President and Treasurer

Guarantor:

AMERICAN AIRLINES GROUP INC.

By: /s/ Thomas T. Weir
Name: Thomas T. Weir
Title: Vice President and Treasurer

WILMINGTON TRUST, NATIONAL ASSOCIATION, as Trustee

By: /s/ Hallie E. Field
Name: Hallie E. Field
Title: Vice President

WILMINGTON TRUST, NATIONAL ASSOCIATION, as Collateral Agent

By: /s/ Hallie E. Field
Name: Hallie E. Field
Title: Vice President

[Face of Note]

[Insert the Global Note Legend, if applicable pursuant to the provisions of the Indenture]

[Insert the Private Placement Legend, if applicable pursuant to the provisions of the Indenture]

[Insert the Regulation S Legend, if applicable pursuant to the provisions of the Indenture

CUSIP/CINS _____[1]

10.75%/12.00% PIK Senior Secured Notes due 2026

No. ___ [Initially] $_____ plus any PIK Interest added to the principal amount hereof [*If the Note is a Global Note, include the following*: and as such amount may otherwise be revised by the Schedule of Increases or Decreases in the Global Note][*]

AMERICAN AIRLINES, INC.

promises to pay to _____ or registered assigns,

the principal sum of _____ DOLLARS,* plus any PIK Interest added to the principal amount hereof on [February 15], 2026.

Interest Payment Dates: September 1 and March 1

Record Dates: August 15 and February 15

Dated: _____

AMERICAN AIRLINES, INC.

By: _____
Name:
Title:

[1] *144A CUSIP: 023771 S66*

144A ISIN: US023771S669

Reg. S CUSIP: U02413 AF6/

Reg. S ISIN: USU02413 AF60

[*] This Global Note represents the aggregate principal amount of outstanding Notes from time to time endorsed thereon, the initial amount of which is specified on the "Schedule of Exchanges of Interests in the Global Notes" attached hereto, which may from time to time be reduced or increased, as appropriate, to reflect exchanges and redemptions and PIK Payments.

This is one of the Notes referred to
in the within-mentioned Indenture:

Wilmington Trust, National Association,
as Trustee

By: _____
Authorized Signatory

[Back of Note]
10.75%/12.00% PIK Senior Secured Notes due 2026

1. *Interest*. American Airlines, Inc., a Delaware corporation (the "*Company*"), promises to pay or cause to be paid with respect to each Interest Period (other than any Interest Period with respect to which the Company is permitted to exercise the PIK Option and does so exercise the PIK Option) interest on the principal amount of this Note in cash at a rate per annum equal to 10.75%.

For any Interest Period ending on or prior to September 1, 2022, the Company, in its sole discretion, may elect to pay 50% of the interest with respect to such Interest Period in kind, with the other 50% of the interest with respect to such Interest Period to be paid by the Company in cash (the "*PIK Option*"). In the event that the Company is permitted to exercise the PIK Option and does so exercise the PIK Option with respect to any Interest Period, the Company promises to pay with respect to such Interest Period interest on the principal amount of this Note at a rate per annum equal to 12.00%, with 50% of the interest for such Interest Period to be paid by the Company in kind and the other 50% of the interest for such Interest Period to be paid by the Company in cash.

For purposes of this Note and the Indenture, (x) the interest that is payable in kind in respect of any Interest Period in which the Company is permitted to exercise the PIK Option and does so exercise the PIK Option is referred to as "*PIK Interest*" and (y) "*Interest Period*" means the period commencing on and including an Interest Payment Date to but excluding the next succeeding Interest Payment Date, it being understood that the first Interest Period shall be from and including the Closing Date to but excluding March 1, 2021.

In the event that the Company elects to exercise the PIK Option with respect to any Interest Period, it shall deliver a PIK Notice to the Trustee no later than the day that is twenty days prior to the Interest Payment Date in respect of such Interest Period, which PIK Notice (x) indicates the amount of PIK Interest and cash interest that will be paid on the Interest Payment Date in respect of such Interest Period, (y) certifies that the Company is permitted to exercise the PIK Option for such Interest Period pursuant to the terms of the Indenture and the Notes and is so exercising the PIK Option for such Interest Period and (z) directs the Trustee and the Paying Agent (if other than the Trustee) to increase the principal amount of the Notes in accordance with this paragraph, which notification the Trustee and Paying Agent shall be entitled to rely upon. The Company will be responsible for all calculations in connection with PIK Payments and the PIK Notes. The Company shall be deemed to have exercised the PIK Option indicated in the PIK Notice as being exercised with respect to any Interest Period if it delivers a PIK Notice for such Interest Period in accordance

with the immediately preceding sentence and will be deemed to not have exercised the PIK Option for any Interest Period if it does not deliver a PIK Notice with respect to such Interest Period in accordance with the immediately preceding sentence.

The Company shall pay the applicable amount of any PIK Interest for any applicable Interest Period in respect of this Note on the Interest Payment Date in respect of such Interest Period. On any Interest Payment Date on which the Company pays PIK Interest (a "*PIK Payment*"), PIK Interest on the Notes will be payable (1) with respect to a Global Note, by increasing the principal amount of [this Note][each outstanding Global Note] at the end of such Interest Period by an amount equal to the amount of PIK Interest applicable to [this Note][such outstanding Global Note] (rounded up to the nearest whole Dollar) for the relevant Interest Period, as provided in the PIK Notice, to the credit of the Holders on the relevant record date, which shall be recorded in the Registrar's books and records and in the "Schedule of Increases or Decreases in the Global Note", and (2) with respect to Definitive Notes, by issuing PIK Notes in definitive form in an aggregate principal amount equal to the amount of PIK Interest applicable to [this Note][each outstanding Definitive Note] (rounded up to the nearest whole Dollar) for the relevant Interest Period, as provided in the PIK Notice, and the Trustee will, at the written order of the Company, authenticate and deliver such PIK Notes in definitive form for original issuance to the Holders on the relevant record date, as shown by the records of the Registrar. Any PIK Notes issued in definitive form will be dated as of the applicable Interest Payment Date and will bear interest from and after such date. All PIK Notes will be governed by, and subject to the terms (including the maturity date), provisions and conditions of, the Indenture and will have the same rights and benefits as the Notes issued on the Closing Date. Following any increase in the principal amount of this Note as a result of a PIK Payment, this Note will bear interest on such increased principal amount from and after the date of such PIK Payment.

The Company will pay interest, if any, semi-annually in arrears on September 1 and March 1 of each year, or if any such day is not a Business Day, on the next succeeding Business Day (each, an "*Interest Payment Date*"). Interest on the Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the date of issuance; provided that the first Interest Payment Date shall be _____, _____. The Company shall also pay accrued interest on the Notes, if any, in cash on the Maturity Date. The Company will pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue principal at a rate that is 1.00% higher than the then applicable interest rate on the Notes to the extent lawful; it will pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue installments of interest, if any (without regard to any applicable grace period), at the same rate to the extent lawful. PIK Interest in respect of any Interest Period shall be paid to Holders on a pro rata basis in accordance with the respective principal amount of Notes held by them subject to the procedures of DTC.

Notwithstanding anything to the contrary and for avoidance of doubt, (a) the payment of accrued and unpaid interest for any Interest Period ending after September 1, 2022, (b) the payment of any accrued and unpaid interest in connection with any redemption or repurchase of Notes pursuant to Article 3 of the Indenture (including Section 3.07 of the Indenture), Section 4.10 of the Indenture or Section 4.16 of the Indenture, as applicable, (c) the payment of any accrued and unpaid interest in connection with any defeasance or satisfaction and discharge of the Indenture, (d) the

payment of any accrued and unpaid interest on the Maturity Date, (e) the payment of additional interest required to be paid pursuant to Section 2.12 of the Indenture and (f) the payment of any accrued and unpaid interest upon any acceleration of the Notes shall, in each case of clauses (a), (b), (c), (d), (e) and (f), be made solely in cash.

Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

2. *Method of Payment*. The Company will pay interest on the Notes (except defaulted interest), if any, to the Persons who are registered Holders of Notes at the close of business on the August 15 and February 15 immediately preceding the Interest Payment Date, even if the Notes are canceled after such record date and on or before such Interest Payment Date, except as provided in Section 2.12 of the Indenture with respect to defaulted interest. The Notes will be payable as to principal, the Applicable Premium and interest (other than PIK Interest, which is payable as described in paragraph 1 of this Note) at the office or agency of the Paying Agent and Registrar, or, at the option of the Company, payment of interest, if any, may be made by check mailed to the Holders at their addresses set forth in the register of Holders; *provided* that payment by wire transfer of immediately available funds will be required with respect to principal of, the Applicable Premium on and interest, if any, on, all Global Notes and all other Notes the Holders of which will have provided wire transfer instructions to the Company or the Paying Agent. Such payment will be in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

3. *Paying Agent and Registrar*. Initially, Wilmington Trust, National Association, the Trustee under the Indenture, will act as Paying Agent and Registrar. The Company may change the Paying Agent or Registrar without prior notice to the Holders of the Notes. The Company or any of its Subsidiaries may act as Paying Agent or Registrar.

4. *Indenture*. The Company issued the Notes under an Indenture dated as of September 25, 2020 (the "*Indenture*") among the Company, the Parent, the Trustee and Wilmington Trust, National Association, as Collateral Agent. The terms of the Notes include those stated in the Indenture. The Notes are subject to all such terms, and Holders are referred to the Indenture for a statement of such terms. To the extent any provision of this Note conflicts with the express provisions of the Indenture, the provisions of the Indenture shall govern and be controlling. The Notes are secured obligations of the Company. The aggregate principal amount of the Notes that may be issued under the Indenture shall be limited as provided in Section 2.01 of the Indenture.

5. Optional Redemption; Change of Control Repurchase; Asset Sale Offer.

a. The Notes will be redeemable, at the Company's option, in whole at any time or in part from time to time, at a redemption price equal to 100% of the principal amount of the Notes to be redeemed, *plus* the Applicable Premium, *plus* accrued and unpaid interest (if any) on the principal amount of Notes being redeemed to (but not including) such redemption date (subject to the rights of Holders of Notes on the relevant record date to receive interest on the relevant Interest Payment Date). The Trustee shall have no duty to verify the calculation of any redemption price made by the Company.

b. Upon the occurrence of a Change of Control, each Holder of Notes will have the right to require the Company to repurchase all or any part (equal to a minimum denomination of $100,000 or an integral multiple of $1,000 in excess thereof (or, if a PIK Payment has been made, in a minimum denomination of $1.00 or an integral multiple of $1.00 in excess thereof with respect to the portion of any Note constituting PIK Interest) of that Holder's Notes pursuant to a Change of Control Offer at a purchase price in cash equal to 101% of the aggregate principal amount of the Notes repurchased, plus accrued and unpaid interest on the Notes repurchased to (but not including) the date of purchase.

c. If Holders of not less than 90% in aggregate principal amount of the outstanding Notes validly tender and do not withdraw such Notes in a Change of Control Offer and the Company, or any third party making a Change of Control Offer in lieu of the Company as described above, purchases all of the Notes validly tendered and not withdrawn by such Holders, the Company or such third party will have the right, upon not less than 10 days nor more than 60 days' prior notice, given not more than 30 days following such purchase pursuant to the Change of Control Offer described above, to redeem all Notes that remain outstanding following such purchase at a price in cash equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to (but not including) the redemption date.

d. If the Company or any Grantor receives Net Proceeds from a Specified Disposition, the Company will be required to make an Asset Sale Offer in accordance with Sections 4.15(a) of the Indenture.

6. *Mandatory Redemption*. The Company is not required to make mandatory redemption or sinking fund payments with respect to the Notes.

7. *Notice of Redemption*. At least 10 days but not more than 60 days before a redemption date, the Company will mail or cause to be mailed, by first-class mail, a notice of redemption to each Holder whose Notes are to be redeemed at its registered address, except that redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of the Indenture pursuant to Article 8 thereof. Notes and portions of Notes selected will be in principal amounts of $100,000 or integral multiples of $1,000 in excess thereof (or, if a PIK Payment has been made, in minimum denominations of $1.00 or integral multiples of $1.00 in excess thereof with respect to the portion of any Note constituting PIK Interest); except that if all of the Notes of a Holder are to be redeemed or purchased, the entire outstanding amount of Notes held by such Holder shall be redeemed or purchased.

Any such redemption may, at the Company's discretion, be subject to one or more conditions precedent, including the consummation of a Change of Control. In addition, if such redemption or notice is subject to satisfaction of one or more conditions precedent, such notice shall state that, in the Company's discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied or waived, or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied or waived by the redemption date, or by the redemption date so delayed.

8. *Denominations, Transfer, Exchange*. The Notes are in registered form in denominations of $100,000 and integral multiples of $1,000 in excess thereof (or, if a PIK Payment has been made, in minimum denominations of $1.00 and integral multiples of $1.00 in excess thereof with respect to the portion of any Note constituting PIK Interest). The transfer of Notes may be registered and Notes may be exchanged as provided in the Indenture. The Registrar and the Trustee may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and the Company may require a Holder to pay any taxes and fees required by law or permitted by the Indenture. The Company need not exchange or register the transfer of any Note or portion of a Note selected for redemption, except for the unredeemed portion of any Note being redeemed in part. Also, the Company need not exchange or register the transfer of any Notes for a period of 15 days before a selection of Notes to be redeemed or during the period between a record date and the next succeeding Interest Payment Date.

9. *Persons Deemed Owners*. The registered Holder of a Note may be treated as the owner of it for all purposes. Only registered Holders have rights under the Indenture.

10. *Amendment, Supplement and Waiver*. The provisions governing amendment, supplement and waiver of any provision of the Indenture, the Notes or the Note Guarantees are set forth in Article 9 of the Indenture.

11. *Defaults and Remedies*. The Events of Default relating to the Notes and related remedies and other provisions are included in Section 6.01 of the Indenture.

12. *Security.* The Notes shall be secured by Liens and security interests, subject to Permitted Liens, in the Collateral. The Collateral Agent holds the Collateral in trust for the benefit of the Trustee and the Holders, in each case pursuant to the Collateral Documents.

13. *Trustee Dealings with the Company*. The Trustee, in its individual or any other capacity, may make loans to, accept deposits from, and perform services for the Company or its Affiliates, and may otherwise deal with the Company or its Affiliates, as if it were not the Trustee.

14. *No Recourse Against Others*. No director, officer, employee, incorporator or stockholder of the Company or any Guarantor, as such, will have any liability for any obligations of the Company or any Guarantor under the Notes, the Indenture, the Note Guarantees, or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of the Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. The waiver may not be effective to waive liabilities under the federal securities laws.

15. *Authentication*. This Note will not be valid until authenticated by the manual signature of the Trustee or an authenticating agent.

16. *Abbreviations*. Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT

TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), and U/G/M/A (= Uniform Gifts to Minors Act).

17. *Cusip Numbers*. Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Company has caused CUSIP numbers to be printed on the Notes, and the Trustee may use CUSIP numbers in notices of redemption as a convenience to Holders. No representation is made as to the accuracy of such numbers either as printed on the Notes or as contained in any notice of redemption, and reliance may be placed only on the other identification numbers placed thereon.

18. *Governing Law; Jurisdiction; Waiver of Jury Trial*. THE INTERNAL LAW OF THE STATE OF NEW YORK WILL GOVERN AND BE USED TO CONSTRUE THE INDENTURE, THIS NOTE AND THE NOTE GUARANTEES WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO THE EXTENT THAT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.

Any legal suit, action or proceeding arising out of or based upon this Indenture or the transactions contemplated hereby may be instituted in the federal courts of the United States of America located in the City of New York or the courts of the State of New York in each case located in the City of New York (collectively, the "*Specified Courts*"), and each party irrevocably submits to the non-exclusive jurisdiction of such courts in any such suit, action or proceeding. Service of any process, summons, notice or document by mail (to the extent allowed under any applicable statute or rule of court) to such party's address set forth above shall be effective service of process for any suit, action or other proceeding brought in any such court. The Company, the Trustee and the Holders (by their acceptance of the Notes) each hereby irrevocably and unconditionally waive any objection to the laying of venue of any suit, action or other proceeding in the Specified Courts and irrevocably and unconditionally waive and agree not to plead or claim any such suit, action or other proceeding has been brought in an inconvenient forum.

The Company, the Trustee and the Holders (by their acceptance of the Notes) each hereby irrevocably waive, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Indenture, the Notes or the transactions contemplated hereby or thereby.

The Company will furnish to any Holder upon written request and without charge a copy of the Indenture. Requests may be made to:

American Airlines, Inc.
1 Skyview Drive
Fort Worth, TX 76155
Attention: Treasurer

ASSIGNMENT FORM

To assign this Note, fill in the form below:

(I) or (we) assign and transfer this Note to: _____
(Insert assignee's legal name)

_____
(Insert assignee's soc. sec. or tax I.D. no.)

_____

_____

_____

_____
(Print or type assignee's name, address and zip code)

and irrevocably appoint _____
to transfer this Note on the books of the Company. The agent may substitute another to act for him.

Date: _____

Your Signature: _____
(Sign exactly as your name appears on the face of this Note)

Signature Guarantee*: _____

* Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor acceptable to the Trustee).

OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have this Note purchased by the Company pursuant to Section 4.10 or 4.16 of the Indenture, check the appropriate box below:

☐ Section 4.10 ☐ Section 4.16

If you want to elect to have only part of the Note purchased by the Company pursuant to Section 4.10 or 4.16 of the Indenture, state the amount you elect to have purchased:

$_____

Date: _____

Your Signature: _____
(Sign exactly as your name appears on the face of this Note)

Tax Identification No.: _____

Signature Guarantee*: _____

* Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor acceptable to the Trustee).

SCHEDULE OF EXCHANGES OF INTERESTS IN THE GLOBAL NOTE

The following exchanges of a part of this Global Note for an interest in another Global Note or for a Definitive Note, or exchanges of a part of another Global Note or Definitive Note for an interest in this Global Note or the following increases in the principal amount of this Global Note to reflect the payment of PIK Interest, have been made:

Date of Exchange or Payment of PIK Interest	Amount of decrease in Principal Amount of this Global Note	Amount of increase in Principal Amount of this Global Note	PIK Payments	Principal Amount of this Global Note following such decrease (or increase)	Signature of authorized officer of Trustee or Custodian

Exhibit 4.5

WARRANT AGREEMENT

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LIST OF ANNEXES

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WARRANT AGREEMENT dated as of September 25, 2020 (this "Agreement"), between AMERICAN AIRLINES GROUP INC., a corporation organized under the laws of Delaware (the "Company") and the UNITED STATES DEPARTMENT OF THE TREASURY ("Treasury").

WHEREAS, the Company has requested that Treasury provide financial assistance to the Recipient (as defined in the PSP Agreement) that shall exclusively be used for the continuation of payment of employee wages, salaries, and benefits as is permissible under Section 4112(a) of Title IV of the Coronavirus Aid, Relief, and Economic Security Act, Pub. L. 116-136 (Mar. 27, 2020), as the same may be amended form time to time (the "CARES Act"), and Treasury is willing to do so on the terms and conditions set forth in the Payroll Support Program Agreement dated as of April 20, 2020, between AMERICAN AIRLINES, INC., and Treasury (the "PSP Agreement"); and

WHEREAS, as appropriate compensation to the Federal Government of the United States of America for the provision of financial assistance under the PSP Agreement, AMERICAN AIRLINES GROUP INC. has agreed to issue a note to be repaid to Treasury on the terms and conditions set forth in the promissory note dated as of April 20, 2020, issued by American Airlines Group Inc., in the name of Treasury as the holder (the "Promissory Note") and agreed to issue in a private placement warrants to purchase the number of shares of its Common Stock determined in accordance with Schedule 1 to this Agreement (the "Warrants") to Treasury;

NOW, THEREFORE, in consideration of the premises, and of the representations, warranties, covenants and agreements set forth herein, the parties agree as follows:

Article I
Closing

1.1 Issuance.

(a) On the terms and subject to the conditions set forth in this Agreement, the Company agrees to issue to Treasury, on each Warrant Closing Date, Warrants for a number of shares of Common Stock determined by the formula set forth in Schedule 1.

1.2 Initial Closing; Warrant Closing Date.

(a) On the terms and subject to the conditions set forth in this Agreement, the closing of the initial issuance of the Warrants (the "Initial Closing") will take place on the Closing Date (as defined in the Promissory Note) or, if on the Closing Date the principal amount of the Promissory Note is $0, the first date on which such principal amount is increased. A subsequent closing will take place on the date of each increase, if any, of the principal amount of the Promissory Note (each subsequent closing, together with the Initial Closing, a "Closing" and each such date a "Warrant Closing Date").

(b) On each Warrant Closing Date, the Company will issue to Treasury a duly executed Warrant or Warrants for a number of shares of Common Stock determined by the formula set forth in Schedule 1, as evidenced by one or more certificates dated the Warrant Closing Date and bearing appropriate legends as hereinafter provided for and in substantially the form attached hereto as Annex B.

(c) On each Warrant Closing Date, the Company shall deliver to Treasury (i) a written opinion from counsel to the Company (which may be internal counsel) addressed to Treasury and dated as of such Warrant Closing Date, in substantially the form attached hereto as Annex A and (ii) a certificate executed by the chief executive officer, president, executive vice president, chief financial officer, principal accounting officer, treasurer or controller confirming that the representations and warranties of the Company in this Agreement are true and correct with the same force and effect as though expressly made at and as of such Warrant Closing Date and the Company has complied with all agreements on its part to be performed or satisfied hereunder at or prior to such Closing.

(d) On the initial Warrant Closing Date, the Company shall deliver to Treasury (i) such customary certificates of resolutions or other action, incumbency certificates and/or other certificates of the chief executive officer, president, executive vice president, chief financial officer, principal accounting officer, treasurer or controller as Treasury may require evidencing the identity, authority and capacity of each such officer thereof authorized to act as such officer in connection with this Agreement and (ii) customary resolutions or evidence of corporate authorization, secretary's certificates and such other documents and certificates (including Organizational Documents and good standing certificates) as Treasury may reasonably request relating to the organization, existence and good standing of the Company and any other legal matters relating to the Company, this Agreement, the Warrants or the transactions contemplated hereby or thereby.

1.3 Interpretation.

(a) When a reference is made in this Agreement to “Recitals,” “Articles,” “Sections,” or “Annexes” such reference shall be to a Recital, Article or Section of, or Annex to, this Warrant Agreement, unless otherwise indicated. The terms defined in the singular have a comparable meaning when used in the plural, and vice versa. References to “herein”, “hereof”, “hereunder” and the like refer to this Agreement as a whole and not to any particular section or provision, unless the context requires otherwise. The table of contents and headings contained in this Agreement are for reference purposes only and are not part of this Agreement. Whenever the words “include,” “includes” or “including” are used in this Agreement, they shall be deemed followed by the words “without limitation.” No rule of construction against the draftsperson shall be applied in connection with the interpretation or enforcement of this Agreement, as this Agreement is the product of negotiation between sophisticated parties advised by counsel. All references to “$” or “dollars” mean the lawful currency of the United States of America. Except as expressly stated in this Agreement, all references to any statute, rule or regulation are to the statute, rule or regulation as amended, modified, supplemented or replaced from time to time (and, in the case of statutes, include any rules and regulations promulgated under the statute) and to any section of any statute, rule or regulation include any successor to the section.

(b) Capitalized terms not defined herein have the meanings ascribed thereto in Annex B.

Article II
Representations and Warranties

2.1 Representations and Warranties of the Company. The Company represents and warrants to Treasury that as of the date hereof and each Warrant Closing Date (or such other date specified herein):

(a) Existence, Qualification and Power. The Company is duly organized or formed, validly existing and, if applicable, in good standing under the Laws of the jurisdiction of its incorporation or organization, and the Company and each Subsidiary (a) has all requisite power and authority and all requisite governmental licenses, authorizations, consents and approvals to (i) own or lease its assets and carry on its business and (ii) execute, deliver and perform its obligations under the this Agreement and the Warrants, and (b) is duly qualified and is licensed and, as applicable, in good standing under the Laws of each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification or license, except, in each case referred to in clause (a)(i) or (b), to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect.

(b) Capitalization. The authorized capital stock of the Company, and the outstanding capital stock of the Company (including securities convertible into, or exercisable or exchangeable for, capital stock of the Company) as of the most recent fiscal month-end preceding the date hereof (the "Capitalization Date") is set forth in Schedule 2. The outstanding shares of capital stock of the Company have been duly authorized and are validly issued and outstanding, fully paid and nonassessable, and subject to no preemptive rights (and were not issued in violation of any preemptive rights). Except as provided in the Warrants, as of the date hereof, the Company does not have outstanding any securities or other obligations providing the holder the right to acquire Common Stock that is not reserved for issuance as specified on Schedule 2, and the Company has not made any other commitment to authorize, issue or sell any Common Stock. Since the Capitalization Date, the Company has not issued any shares of Common Stock, other than (i) shares issued upon the exercise of stock options or delivered under other equity-based awards or other convertible securities or warrants which were issued and outstanding on the Capitalization Date and disclosed on Schedule 2 and (ii) shares disclosed on Schedule 2 as it may be updated by written notice from the Company to Treasury in connection with each Warrant Closing Date.

(c) Listing. The Common Stock has been registered pursuant to Section 12(b) of the Exchange Act and the shares of the Common Stock outstanding on the date hereof are listed on a national securities exchange. The Company has taken no action designed to, or likely to have the effect of, terminating the registration of the Common Stock under the Exchange Act or the listing of the Common Stock on such national securities exchange, nor has the Company received any notification that the Securities and Exchange Commission (the "SEC") or such exchange is contemplating terminating such registration or listing. The Company is in compliance with applicable continued listing requirements of such exchange in all material respects.

(d) Governmental Authorization; Other Consents. No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person is necessary or required in connection with the execution, delivery or performance by, or enforcement against, the Company of this Agreement, except for such approvals, consents, exemptions, authorizations, actions or notices that have been duly obtained, taken or made and are in full force and effect.

(e) Execution and Delivery; Binding Effect. This Agreement has been duly authorized, executed and delivered by the Company. This Agreement constitutes a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium or other Laws affecting creditors' rights generally and by general principles of equity.

(f) The Warrants and Warrant Shares. Each Warrant has been duly authorized and, when executed and delivered as contemplated hereby, will constitute a valid and legally binding obligation of the Company enforceable against the Company in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium or other Laws affecting creditors' rights generally and by general principles of equity. The Warrant Shares have been duly authorized and reserved for issuance upon exercise of the Warrants and when so issued in accordance with the terms of the Warrants will be validly issued, fully paid and non-assessable, subject, if applicable, to the approvals of its stockholders set forth on Schedule 3.

(g) Authorization, Enforceability.

(i) The Company has the corporate power and authority to execute and deliver this Agreement and the Warrants and, subject, if applicable, to the approvals of its stockholders set forth in Schedule 3, to carry out its obligations hereunder and thereunder (which includes the issuance of the Warrants and Warrant Shares). The execution, delivery and performance by the Company of this Agreement and the Warrants and the consummation of the transactions contemplated hereby and thereby have been duly authorized by all necessary corporate or other organizational action on the part of the Company and its stockholders, and no further approval or authorization is required on the part of the Company, subject, in each case, if applicable, to the approvals of its stockholders set forth on Schedule 3.

(ii) The execution, delivery and performance by the Company of this Agreement do not and will not (a) contravene the terms of its Organizational Documents, (b) conflict with or result in any breach or contravention of, or the creation of any Lien (as defined in the Loan Agreement) under, or require any payment to be made under (i) any material Contractual Obligation to which the Company is a party or affecting the Company or the properties of the Company or any Subsidiary or (ii) any material order, injunction, writ or decree of any Governmental Authority or any arbitral award to which the Company or any Subsidiary or its property is subject or (c) violate any Law, except to

the extent that such violation could not reasonably be expected to have a Material Adverse Effect.

(iii) Other than any current report on Form 8-K required to be filed with the SEC (which shall be made on or before the date on which it is required to be filed), such filings and approvals as are required to be made or obtained under any state "blue sky" laws, the filing of any proxy statement contemplated by Section 3.1 and such filings and approvals as have been made or obtained, no notice to, filing with, exemption or review by, or authorization, consent or approval of, any Governmental Authority is required to be made or obtained by the Company in connection with the execution, delivery and performance by the Company of this Agreement and the consummation by the Company of the issuance of the Warrants except for any such notices, filings, exemptions, reviews, authorizations, consents and approvals the failure of which to make or obtain would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(h) Anti-takeover Provisions and Rights Plan. The Board of Directors of the Company (the "Board of Directors") has taken all necessary action, and will in the future take any necessary action, to ensure that the transactions contemplated by this Agreement and the Warrants and the consummation of the transactions contemplated hereby and thereby, including the exercise of the Warrants in accordance with their terms, will be exempt from any anti-takeover or similar provisions of the Company's Organizational Documents, and any other provisions of any applicable "moratorium", "control share", "fair price", "interested stockholder" or other anti-takeover laws and regulations of any jurisdiction, whether existing on the date hereof or implemented after the date hereof. The Company has taken all actions necessary, and will in the future take any necessary action, to render any stockholders' rights plan of the Company inapplicable to this Agreement and the Warrants and the consummation of the transactions contemplated hereby and thereby, including the exercise of the Warrants by Treasury in accordance with its terms.

(i) Reports.

(i) Since December 31, 2017, the Company and each Subsidiary has timely filed all reports, registrations, documents, filings, statements and submissions, together with any amendments thereto, that it was required to file with any Governmental Authority (the foregoing, collectively, the "Company Reports") and has paid all fees and assessments due and payable in connection therewith, except, in each case, as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. As of their respective dates of filing, the Company Reports complied in all material respects with all statutes and applicable rules and regulations of the applicable Governmental Authority. In the case of each such Company Report filed with or furnished to the SEC, such Company Report (A) did not, as of its date or if amended prior to the date hereof, as of the date of such amendment, contain an 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,

and (B) complied as to form in all material respects with the applicable requirements of the Securities Act and the Exchange Act. With respect to all other Company Reports, the Company Reports were complete and accurate in all material respects as of their respective dates. No executive officer of the Company or any Subsidiary has failed in any respect to make the certifications required of him or her under Section 302 or 906 of the Sarbanes-Oxley Act of 2002.

(ii) The Company (A) has implemented and maintains disclosure controls and procedures (as defined in Rule 13a-15(e) of the Exchange Act) to ensure that material information relating to the Company, including its Subsidiaries, is made known to the chief executive officer and the chief financial officer of the Company by others within those entities, and (B) has disclosed, based on its most recent evaluation prior to the date hereof, to the Company's outside auditors and the audit committee of the Board of Directors (x) any significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) that are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information and (y) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls over financial reporting.

(j) Offering of Securities. Neither the Company nor any person acting on its behalf has taken any action (including any offering of any securities of the Company under circumstances which would require the integration of such offering with the offering of any of the Warrants under the Securities Act, and the rules and regulations of the Securities and Exchange Commission (the "SEC") promulgated thereunder), which might subject the offering, issuance or sale of any of the Warrants to Treasury pursuant to this Agreement to the registration requirements of the Securities Act.

(k) Brokers and Finders. No broker, finder or investment banker is entitled to any financial advisory, brokerage, finder's or other fee or commission in connection with this Agreement or the Warrants or the transactions contemplated hereby or thereby based upon arrangements made by or on behalf of the Company or any Subsidiary for which Treasury could have any liability.

Article III
Covenants

3.1 Commercially Reasonable Efforts.

(a) Subject to the terms and conditions of this Agreement, each of the parties will use its commercially reasonable efforts in good faith to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or desirable, or advisable under applicable laws, to enable consummation of the transactions contemplated hereby and shall use commercially reasonable efforts to cooperate with the other party to that end.

(b) If the Company is required to obtain any stockholder approvals set forth on Schedule 3, then the Company shall comply with this Section 3.1(b) and Section 3.1(c). The Company shall call a special meeting of its stockholders, as promptly as practicable following the Initial Closing, to vote on proposals (collectively, the "Stockholder Proposals") to (i) approve the exercise of the Warrants for Common Stock for purposes of the rules of the national securities exchange on which the Common Stock is listed and/or (ii) amend the Company's Organizational Documents to increase the number of authorized shares of Common Stock to at least such number as shall be sufficient to permit the full exercise of the Warrants for Common Stock and comply with the other provisions of this Section 3.1(b) and Section 3.1(c). The Board of Directors shall recommend to the Company's stockholders that such stockholders vote in favor of the Stockholder Proposals. In connection with such meeting, the Company shall prepare (and Treasury will reasonably cooperate with the Company to prepare) and file with the SEC as promptly as practicable (but in no event more than ten Business Days after the Initial Closing) a preliminary proxy statement, shall use its reasonable best efforts to respond to any comments of the SEC or its staff thereon and to cause a definitive proxy statement related to such stockholders' meeting to be mailed to the Company's stockholders not more than five Business Days after clearance thereof by the SEC, and shall use its reasonable best efforts to solicit proxies for such stockholder approval of the Stockholder Proposals. The Company shall notify Treasury promptly of the receipt of any comments from the SEC or its staff with respect to the proxy statement and of any request by the SEC or its staff for amendments or supplements to such proxy statement or for additional information and will supply Treasury with copies of all correspondence between the Company or any of its representatives, on the one hand, and the SEC or its staff, on the other hand, with respect to such proxy statement. If at any time prior to such stockholders' meeting there shall occur any event that is required to be set forth in an amendment or supplement to the proxy statement, the Company shall as promptly as practicable prepare and mail to its stockholders such an amendment or supplement. Each of Treasury and the Company agrees promptly to correct any information provided by it or on its behalf for use in the proxy statement if and to the extent that such information shall have become false or misleading in any material respect, and the Company shall as promptly as practicable prepare and mail to its stockholders an amendment or supplement to correct such information to the extent required by applicable laws and regulations. The Company shall consult with Treasury prior to filing any proxy statement, or any amendment or supplement thereto, and provide Treasury with a reasonable opportunity to comment thereon. In the event that the approval of any of the Stockholder Proposals is not obtained at such special stockholders meeting, the Company shall include a proposal to approve (and the Board of Directors shall recommend approval of) each such proposal at a meeting of its stockholders no less than once in each subsequent six-month period beginning on January 1, 2021 until all such approvals are obtained or made.

(c) None of the information supplied by the Company or any of the Company Subsidiaries for inclusion in any proxy statement in connection with any such stockholders meeting of the Company will, at the date it is filed with the SEC, when first mailed to the Company's stockholders and at the time of any stockholders meeting, and at the time of any amendment or supplement thereof, contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading.

3.2 Expenses. The Company shall pay (i) all reasonable out-of-pocket expenses incurred by Treasury (including the reasonable fees, charges and disbursements of any counsel for Treasury) in connection with the preparation, negotiation, execution, delivery and administration of this Agreement and the Warrants, any other agreements or documents executed in connection herewith or therewith, or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), and (ii) all out-of-pocket expenses incurred by Treasury (including the fees, charges and disbursements of any counsel for Treasury), in connection with the enforcement or protection of its rights in connection with this Agreement and the Warrants, any other agreements or documents executed in connected herewith or therewith, or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), including all such out-of-pocket expenses incurred during any workout, restructuring, negotiations or enforcement in respect of such Warrant Agreement, Warrant and other agreements or documents executed in connection herewith or therewith.

3.3 Sufficiency of Authorized Common Stock; Exchange Listing.

During the period from each Warrant Closing Date (or, if the approval of the Stockholder Proposals is required, the date of such approval) until the date on which no Warrants remain outstanding, the Company shall at all times have reserved for issuance, free of preemptive or similar rights, a sufficient number of authorized and unissued Warrant Shares to effectuate such exercise. Nothing in this Section 3.3 shall preclude the Company from satisfying its obligations in respect of the exercise of the Warrants by delivery of shares of Common Stock which are held in the treasury of the Company. As soon as reasonably practicable following each Warrant Closing Date, the Company shall, at its expense, cause the Warrant Shares to be listed on the same national securities exchange on which the Common Stock is listed, subject to official notice of issuance, and shall maintain such listing for so long as any Common Stock is listed on such exchange. The Company will use commercially reasonable efforts to maintain the listing of Common Stock on such national securities exchange so long as any Warrants or Warrant Shares remain outstanding. Neither the Company nor any of its Subsidiaries shall take any action which would be reasonably expected to result in the delisting or suspension of the Common Stock on such exchange. The foregoing shall not preclude the Company from undertaking any transaction set forth in Section 4.3 subject to compliance with that provision.

Article IV
Additional Agreements

4.1 Investment Purposes. Treasury acknowledges that the Warrants and the Warrant Shares have not been registered under the Securities Act or under any state securities laws. Treasury (a) is acquiring the Warrants pursuant to an exemption from registration under the Securities Act solely for investment without a view to sell and with no present intention to distribute them to any person in violation of the Securities Act or any applicable U.S. state securities laws; (b) will not sell or otherwise dispose of any of the Warrants or the Warrant

Shares, except in compliance with the registration requirements or exemption provisions of the Securities Act and any applicable U.S. state securities laws; and (c) has such knowledge and experience in financial and business matters and in investments of this type that it is capable of evaluating the merits and risks of the Warrants and the Warrant Shares and of making an informed investment decision.

4.2 Legends.

(a) Treasury agrees that all certificates or other instruments representing the Warrants and the Warrant Shares will bear a legend substantially to the following effect:

"THE SECURITIES REPRESENTED BY THIS INSTRUMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE TRANSFERRED, SOLD OR OTHERWISE DISPOSED OF EXCEPT WHILE A REGISTRATION STATEMENT RELATING THERETO IS IN EFFECT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER SUCH ACT AND SUCH LAWS."

(b) In the event that any Warrants or Warrant Shares (i) become registered under the Securities Act or (ii) are eligible to be transferred without restriction in accordance with Rule 144 or another exemption from registration under the Securities Act (other than Rule 144A), the Company shall issue new certificates or other instruments representing such Warrants or Warrant Shares, which shall not contain the legend in Section 4.2(a) above; *provided* that Treasury surrenders to the Company the previously issued certificates or other instruments.

4.3 Certain Transactions. The Company will not merge or consolidate with, or sell, transfer or lease all or substantially all of its property or assets to, any other party unless the successor, transferee or lessee party (or its ultimate parent entity), as the case may be (if not the Company), expressly assumes the due and punctual performance and observance of each and every covenant, agreement and condition of this Agreement and the Warrants to be performed and observed by the Company.

4.4 Transfer of Warrants and Warrant Shares. Subject to compliance with applicable securities laws, Treasury shall be permitted to transfer, sell, assign or otherwise dispose of ("Transfer") all or a portion of the Warrants or Warrant Shares at any time, and the Company shall take all steps as may be reasonably requested by Treasury to facilitate the Transfer of the Warrants and the Warrant Shares.

4.5 Registration Rights.

(a) Registration.

(i) Subject to the terms and conditions of this Agreement, the Company covenants and agrees that on or before the earlier of (A) 30 days after the date on which

all Warrants that may be issued pursuant to this Agreement have been issued and (B) June 30, 2021 (the end of such period, the "Registration Commencement Date"), the Company shall prepare and file with the SEC a Shelf Registration Statement covering the maximum number of Registrable Securities (or otherwise designate an existing Shelf Registration Statement filed with the SEC to cover the Registrable Securities) that may be issued pursuant to this Agreement and any Warrants outstanding at that time, and, to the extent the Shelf Registration Statement has not theretofore been declared effective or is not automatically effective upon such filing, the Company shall use reasonable best efforts to cause such Shelf Registration Statement to be declared or become effective and to keep such Shelf Registration Statement continuously effective and in compliance with the Securities Act and usable for resale of such Registrable Securities for a period from the date of its initial effectiveness until such time as there are no Registrable Securities remaining (including by refiling such Shelf Registration Statement (or a new Shelf Registration Statement) if the initial Shelf Registration Statement expires). So long as the Company is a well-known seasoned issuer (as defined in Rule 405 under the Securities Act) at the time of filing of the Shelf Registration Statement with the SEC, such Shelf Registration Statement shall be designated by the Company as an automatic Shelf Registration Statement. Notwithstanding the foregoing, if on the date hereof the Company is not eligible to file a registration statement on Form S-3, then the Company shall not be obligated to file a Shelf Registration Statement unless and until it is so eligible and is requested to do so in writing by Treasury.

(ii) Any registration pursuant to Section 4.5(a)(i) shall be effected by means of a shelf registration on an appropriate form under Rule 415 under the Securities Act (a "Shelf Registration Statement"). If Treasury or any other Holder intends to distribute any Registrable Securities by means of an underwritten offering it shall promptly so advise the Company and the Company shall take all reasonable steps to facilitate such distribution, including the actions required pursuant to Section 4.5(c); *provided* that the Company shall not be required to facilitate an underwritten offering of Registrable Securities unless the total number of Warrant Shares and Warrants expected to be sold in such offering exceeds, or are exercisable for, at least 20% of the total number of Warrant Shares for which Warrants issued under this Agreement could be exercised (giving effect to the anti-dilution adjustments in Warrants); and *provided, further* that the Company shall not be required to facilitate more than two completed underwritten offerings within any 12-month period. The lead underwriters in any such distribution shall be selected by the Holders of a majority of the Registrable Securities to be distributed.

(iii) The Company shall not be required to effect a registration (including a resale of Registrable Securities from an effective Shelf Registration Statement) or an underwritten offering pursuant to Section 4.5(a): (A) prior to the Registration Commencement Date; (B) with respect to securities that are not Registrable Securities; or (C) if the Company has notified Treasury and all other Holders that in the good faith judgment of the Board of Directors, it would be materially detrimental to the Company or its securityholders for such registration or underwritten offering to be effected at such time, in which event the Company shall have the right to defer such registration or

offering for a period of not more than 45 days after receipt of the request of Treasury or any other Holder; *provided* that such right to delay a registration or underwritten offering shall be exercised by the Company (1) only if the Company has generally exercised (or is concurrently exercising) similar black-out rights against holders of similar securities that have registration rights and (2) not more than three times in any 12-month period and not more than 90 days in the aggregate in any 12-month period. The Company shall notify the Holders of the date of any anticipated termination of any such deferral period prior to such date.

(iv) If during any period when an effective Shelf Registration Statement is not available, the Company proposes to register any of its equity securities, other than a registration pursuant to Section 4.5(a)(i) or a Special Registration, and the registration form to be filed may be used for the registration or qualification for distribution of Registrable Securities, the Company will give prompt written notice to Treasury and all other Holders of its intention to effect such a registration (but in no event less than ten days prior to the anticipated filing date) and will include in such registration all Registrable Securities with respect to which the Company has received written requests for inclusion therein within ten Business Days after the date of the Company's notice (a "Piggyback Registration"). Any such person that has made such a written request may withdraw its Registrable Securities from such Piggyback Registration by giving written notice to the Company and the managing underwriter, if any, on or before the fifth Business Day prior to the planned effective date of such Piggyback Registration. The Company may terminate or withdraw any registration under this Section 4.5(a)(iv) prior to the effectiveness of such registration, whether or not Treasury or any other Holders have elected to include Registrable Securities in such registration.

(v) If the registration referred to in Section 4.5(a)(iv) is proposed to be underwritten, the Company will so advise Treasury and all other Holders as a part of the written notice given pursuant to Section 4.5(a)(iv). In such event, the right of Treasury and all other Holders to registration pursuant to Section 4.5(a) will be conditioned upon such persons' participation in such underwriting and the inclusion of such person's Registrable Securities in the underwriting if such securities are of the same class of securities as the securities to be offered in the underwritten offering, and each such person will (together with the Company and the other persons distributing their securities through such underwriting) enter into an underwriting agreement in customary form with the underwriter or underwriters selected for such underwriting by the Company; *provided* that Treasury (as opposed to other Holders) shall not be required to indemnify any person in connection with any registration. If any participating person disapproves of the terms of the underwriting, such person may elect to withdraw therefrom by written notice to the Company, the managing underwriters and Treasury (if Treasury is participating in the underwriting).

(vi) If either (x) the Company grants "piggyback" registration rights to one or more third parties to include their securities in an underwritten offering under the Shelf Registration Statement pursuant to Section 4.5(a)(ii) or (y) a Piggyback Registration

under Section 4.5(a)(iv) relates to an underwritten offering on behalf of the Company, and in either case the managing underwriters advise the Company that in their reasonable opinion the number of securities requested to be included in such offering exceeds the number which can be sold without adversely affecting the marketability of such offering (including an adverse effect on the per share offering price), the Company will include in such offering only such number of securities that in the reasonable opinion of such managing underwriters can be sold without adversely affecting the marketability of the offering (including an adverse effect on the per share offering price), which securities will be so included in the following order of priority: (A) first, in the case of a Piggyback Registration under Section 4.5(a)(iv), the securities the Company proposes to sell, (B) then the Registrable Securities of Treasury and all other Holders who have requested inclusion of Registrable Securities pursuant to Section 4.5(a)(ii) or Section 4.5(a)(iv), as applicable, *pro rata* on the basis of the aggregate number of such securities or shares owned by each such person and (C) lastly, any other securities of the Company that have been requested to be so included, subject to the terms of this Agreement; *provided, however,* that if the Company has, prior to the date hereof, entered into an agreement with respect to its securities that is inconsistent with the order of priority contemplated hereby then it shall apply the order of priority in such conflicting agreement to the extent that this Agreement would otherwise result in a breach under such agreement.

(b) Expenses of Registration. All Registration Expenses incurred in connection with any registration, qualification or compliance hereunder shall be borne by the Company. All Selling Expenses incurred in connection with any registrations hereunder shall be borne by the holders of the securities so registered *pro rata* on the basis of the aggregate offering or sale price of the securities so registered.

(c) Obligations of the Company. The Company shall use its reasonable best efforts, for so long as there are Registrable Securities outstanding, to take such actions as are under its control to not become an ineligible issuer (as defined in Rule 405 under the Securities Act) and to remain a well-known seasoned issuer (as defined in Rule 405 under the Securities Act) if it has such status on the date hereof or becomes eligible for such status in the future. In addition, whenever required to effect the registration of any Registrable Securities or facilitate the distribution of Registrable Securities pursuant to an effective Shelf Registration Statement, the Company shall, as expeditiously as reasonably practicable:

(i) Prepare and file with the SEC a prospectus supplement with respect to a proposed offering of Registrable Securities pursuant to an effective registration statement, subject to Section 4.5(d), keep such registration statement effective and keep such prospectus supplement current until the securities described therein are no longer Registrable Securities. The plan of distribution included in such registration statement, or, as applicable, prospectus supplement thereto, shall include, among other things, an underwritten offering, ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers, block trades, privately negotiated transactions, the writing or settlement of options or other derivative transactions and any other method permitted pursuant to applicable law, and any combination of any such methods of sale.

(ii) Prepare and file with the SEC such amendments and supplements to the applicable registration statement and the prospectus or prospectus supplement used in connection with such registration statement as may be necessary to comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement.

(iii) Furnish to the Holders and any underwriters such number of copies of the applicable registration statement and each such amendment and supplement thereto (including in each case all exhibits) and of a prospectus, including a preliminary prospectus, in conformity with the requirements of the Securities Act, and such other documents as they may reasonably request in order to facilitate the disposition of Registrable Securities owned or to be distributed by them.

(iv) Use its reasonable best efforts to register and qualify the securities covered by such registration statement under such other securities or Blue Sky laws of such jurisdictions as shall be reasonably requested by the Holders or any managing underwriter(s), to keep such registration or qualification in effect for so long as such registration statement remains in effect, and to take any other action which may be reasonably necessary to enable such seller to consummate the disposition in such jurisdictions of the securities owned by such Holder; *provided* that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business or to file a general consent to service of process in any such states or jurisdictions.

(v) Notify each Holder of Registrable Securities at any time when a prospectus relating thereto is required to be delivered under the Securities Act of the happening of any event as a result of which the applicable prospectus, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing.

(vi) Give written notice to the Holders:

(A) when any registration statement filed pursuant to Section 4.5(a) or any amendment thereto has been filed with the SEC (except for any amendment effected by the filing of a document with the SEC pursuant to the Exchange Act) and when such registration statement or any post-effective amendment thereto has become effective;

(B) of any request by the SEC for amendments or supplements to any registration statement or the prospectus included therein or for additional information;

(C) of the issuance by the SEC of any stop order suspending the effectiveness of any registration statement or the initiation of any proceedings for that purpose;

(D) of the receipt by the Company or its legal counsel of any notification with respect to the suspension of the qualification of the Common Stock for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose;

(E) of the happening of any event that requires the Company to make changes in any effective registration statement or the prospectus related to the registration statement in order to make the statements therein not misleading (which notice shall be accompanied by an instruction to suspend the use of the prospectus until the requisite changes have been made); and

(F) if at any time the representations and warranties of the Company contained in any underwriting agreement contemplated by Section 4.5(c)(x) cease to be true and correct.

(vii) Use its reasonable best efforts to prevent the issuance or obtain the withdrawal of any order suspending the effectiveness of any registration statement referred to in Section 4.5(c)(vi)(C) at the earliest practicable time.

(viii) Upon the occurrence of any event contemplated by Section 4.5(c)(v), 4.5(c)(vi)(E) or 4.5(d), promptly prepare a post-effective amendment to such registration statement or a supplement to the related prospectus or file any other required document so that, as thereafter delivered to the Holders and any underwriters, the prospectus will not contain an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. If the Company notifies the Holders in accordance with Section 4.5(c)(vi)(E) to suspend the use of the prospectus until the requisite changes to the prospectus have been made, then the Holders and any underwriters shall suspend use of such prospectus and use their reasonable best efforts to return to the Company all copies of such prospectus (at the Company's expense) other than permanent file copies then in such Holders' or underwriters' possession. The total number of days that any such suspension may be in effect in any 12-month period shall not exceed 90 days. The Company shall notify the Holders of the date of any anticipated termination of any such suspension period prior to such date.

(ix) Use reasonable best efforts to procure the cooperation of the Company's transfer agent in settling any offering or sale of Registrable Securities, including with respect to the transfer of physical stock certificates into book-entry form in accordance with any procedures reasonably requested by the Holders or any managing underwriter(s).

(x) If an underwritten offering is requested pursuant to Section 4.5(a)(ii), enter into an underwriting agreement in customary form, scope and substance and take all such other actions reasonably requested by the Holders of a majority of the Registrable Securities being sold in connection therewith or by the managing underwriter(s), if any, to expedite or facilitate the underwritten disposition of such Registrable Securities, and in connection therewith in any underwritten offering (including making members of management and executives of the Company available to participate in "road shows", similar sales events and other marketing activities), (A) make such representations and warranties to the Holders that are selling stockholders and the managing underwriter(s), if any, with respect to the business of the Company and its subsidiaries, and the Shelf Registration Statement, prospectus and documents, if any, incorporated or deemed to be incorporated by reference therein, in each case, in customary form, substance and scope, and, if true, confirm the same if and when requested, (B) use its reasonable best efforts to furnish the underwriters with opinions and "10b-5" letters of counsel to the Company, addressed to the managing underwriter(s), if any, covering the matters customarily covered in such opinions and letters requested in underwritten offerings, (C) use its reasonable best efforts to obtain "cold comfort" letters from the independent certified public accountants of the Company (and, if necessary, any other independent certified public accountants of any business acquired by the Company for which financial statements and financial data are included in the Shelf Registration Statement) who have certified the financial statements included in such Shelf Registration Statement, addressed to each of the managing underwriter(s), if any, such letters to be in customary form and covering matters of the type customarily covered in "cold comfort" letters, (D) if an underwriting agreement is entered into, the same shall contain indemnification provisions and procedures customary in underwritten offerings (provided that Treasury shall not be obligated to provide any indemnity), and (E) deliver such documents and certificates as may be reasonably requested by the Holders of a majority of the Registrable Securities being sold in connection therewith, their counsel and the managing underwriter(s), if any, to evidence the continued validity of the representations and warranties made pursuant to clause (A) above and to evidence compliance with any customary conditions contained in the underwriting agreement or other agreement entered into by the Company.

(xi) Make available for inspection by a representative of Holders that are selling stockholders, the managing underwriter(s), if any, and any attorneys or accountants retained by such Holders or managing underwriter(s), at the offices where normally kept, during reasonable business hours, financial and other records, pertinent corporate documents and properties of the Company, and cause the officers, directors and employees of the Company to supply all information in each case reasonably requested (and of the type customarily provided in connection with due diligence conducted in connection with a registered public offering of securities) by any such representative, managing underwriter(s), attorney or accountant in connection with such Shelf Registration Statement.

(xii) Use reasonable best efforts to cause all such Registrable Securities to be listed on each national securities exchange on which similar securities issued by the

Company are then listed or, if no similar securities issued by the Company are then listed on any national securities exchange, use its reasonable best efforts to cause all such Registrable Securities to be listed on such securities exchange as Treasury may designate.

(xiii) If requested by Holders of a majority of the Registrable Securities being registered and/or sold in connection therewith, or the managing underwriter(s), if any, promptly include in a prospectus supplement or amendment such information as the Holders of a majority of the Registrable Securities being registered and/or sold in connection therewith or managing underwriter(s), if any, may reasonably request in order to permit the intended method of distribution of such securities and make all required filings of such prospectus supplement or such amendment as soon as practicable after the Company has received such request.

(xiv) Timely provide to its security holders earning statements satisfying the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder.

(d) Suspension of Sales. Upon receipt of written notice from the Company that a registration statement, prospectus or prospectus supplement contains or may contain an untrue statement of a material fact or omits or may omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading or that circumstances exist that make inadvisable use of such registration statement, prospectus or prospectus supplement, Treasury and each Holder of Registrable Securities shall forthwith discontinue disposition of Registrable Securities until Treasury and/or Holder has received copies of a supplemented or amended prospectus or prospectus supplement, or until Treasury and/or such Holder is advised in writing by the Company that the use of the prospectus and, if applicable, prospectus supplement may be resumed, and, if so directed by the Company, Treasury and/or such Holder shall deliver to the Company (at the Company's expense) all copies, other than permanent file copies then in Treasury and/or such Holder's possession, of the prospectus and, if applicable, prospectus supplement covering such Registrable Securities current at the time of receipt of such notice. The total number of days that any such suspension may be in effect in any 12-month period shall not exceed 90 days. The Company shall notify Treasury prior to the anticipated termination of any such suspension period of the date of such anticipated termination

(e) Termination of Registration Rights. A Holder's registration rights as to any securities held by such Holder shall not be available unless such securities are Registrable Securities.

(f) Furnishing Information.

(i) Neither Treasury nor any Holder shall use any free writing prospectus (as defined in Rule 405) in connection with the sale of Registrable Securities without the prior written consent of the Company.

(ii) It shall be a condition precedent to the obligations of the Company to take any action pursuant to Section 4.5(c) that Treasury and/or the selling Holders and the

underwriters, if any, shall furnish to the Company such information regarding themselves, the Registrable Securities held by them and the intended method of disposition of such securities as shall be required to effect the registered offering of their Registrable Securities.

(g) Indemnification.

(i) The Company agrees to indemnify each Holder and, if a Holder is a person other than an individual, such Holder's officers, directors, employees, agents, representatives and Affiliates, and each Person, if any, that controls a Holder within the meaning of the Securities Act (each, an "Indemnitee"), against any and all losses, claims, damages, actions, liabilities, costs and expenses (including reasonable fees, expenses and disbursements of attorneys and other professionals incurred in connection with investigating, defending, settling, compromising or paying any such losses, claims, damages, actions, liabilities, costs and expenses), joint or several, arising out of or based upon any untrue statement or alleged untrue statement of material fact contained in any registration statement, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto or any documents incorporated therein by reference or contained in any free writing prospectus (as such term is defined in Rule 405) prepared by the Company or authorized by it in writing for use by such Holder (or any amendment or supplement thereto); or any omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; *provided*, that the Company shall not be liable to such Indemnitee in any such case to the extent that any such loss, claim, damage, liability (or action or proceeding in respect thereof) or expense arises out of or is based upon (A) an untrue statement or omission made in such registration statement, including any such preliminary prospectus or final prospectus contained therein or any such amendments or supplements thereto or contained in any free writing prospectus (as such term is defined in Rule 405) prepared by the Company or authorized by it in writing for use by such Holder (or any amendment or supplement thereto), in reliance upon and in conformity with information regarding such Indemnitee or its plan of distribution or ownership interests which was furnished in writing to the Company by such Indemnitee for use in connection with such registration statement, including any such preliminary prospectus or final prospectus contained therein or any such amendments or supplements thereto, or (B) offers or sales effected by or on behalf of such Indemnitee "by means of" (as defined in Rule 159A) a "free writing prospectus" (as defined in Rule 405) that was not authorized in writing by the Company.

(ii) If the indemnification provided for in Section 4.5(g)(i) is unavailable to an Indemnitee with respect to any losses, claims, damages, actions, liabilities, costs or expenses referred to therein or is insufficient to hold the Indemnitee harmless as contemplated therein, then the Company, in lieu of indemnifying such Indemnitee, shall contribute to the amount paid or payable by such Indemnitee as a result of such losses, claims, damages, actions, liabilities, costs or expenses in such proportion as is appropriate to reflect the relative fault of the Indemnitee, on the one hand, and the Company, on the

other hand, in connection with the statements or omissions which resulted in such losses, claims, damages, actions, liabilities, costs or expenses as well as any other relevant equitable considerations. The relative fault of the Company, on the one hand, and of the Indemnitee, on the other hand, shall be determined by reference to, among other factors, whether the untrue statement of a material fact or omission to state a material fact relates to information supplied by the Company or by the Indemnitee and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission; the Company and each Holder agree that it would not be just and equitable if contribution pursuant to this Section 4.5(g)(ii) were determined by *pro rata* allocation or by any other method of allocation that does not take account of the equitable considerations referred to in Section 4.5(g)(i). No Indemnitee guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from the Company if the Company was not guilty of such fraudulent misrepresentation.

(h) Assignment of Registration Rights. The rights of Treasury to registration of Registrable Securities pursuant to Section 4.5(a) may be assigned by Treasury to a transferee or assignee of Registrable Securities in connection with a transfer of a total number of Warrant Shares and/or Warrants exercisable for at least 20% of the total number of Warrant Shares for which Warrants issued and to be issued under this Agreement could be exercised (giving effect to the anti-dilution adjustments in Warrants); *provided*, *however*, the transferor shall, within ten days after such transfer, furnish to the Company written notice of the name and address of such transferee or assignee and the number and type of Registrable Securities that are being assigned.

(i) Clear Market. With respect to any underwritten offering of Registrable Securities by Treasury or other Holders pursuant to this Section 4.5, the Company agrees not to effect (other than pursuant to such registration or pursuant to a Special Registration) any public sale or distribution, or to file any Shelf Registration Statement (other than such registration or a Special Registration) covering, in the case of an underwritten offering of Common Stock or Warrants, any of its equity securities, or, in each case, any securities convertible into or exchangeable or exercisable for such securities, during the period not to exceed 30 days following the effective date of such offering. The Company also agrees to cause such of its directors and senior executive officers to execute and deliver customary lock-up agreements in such form and for such time period up to 30 days as may be requested by the managing underwriter. "Special Registration" means the registration of (A) equity securities and/or options or other rights in respect thereof solely registered on Form S-4 or Form S-8 (or successor form) or (B) shares of equity securities and/or options or other rights in respect thereof to be offered to directors, members of management, employees, consultants, customers, lenders or vendors of the Company or Company Subsidiaries or in connection with dividend reinvestment plans.

(j) Rule 144; Rule 144A. With a view to making available to Treasury and Holders the benefits of certain rules and regulations of the SEC which may permit the sale of the Registrable Securities to the public without registration, the Company agrees to use its reasonable best efforts to:

(i) make and keep adequate public information available, as those terms are understood and defined in Rule 144(c)(1) or any similar or analogous rule promulgated under the Securities Act, at all times after the date hereof;

(ii) (A) file with the SEC, in a timely manner, all reports and other documents required of the Company under the Exchange Act, and (B) if at any time the Company is not required to file such reports, make available, upon the request of any Holder, such information necessary to permit sales pursuant to Rule 144A (including the information required by Rule 144A(d)(4) under the Securities Act);

(iii) so long as Treasury or a Holder owns any Registrable Securities, furnish to Treasury or such Holder forthwith upon request: a written statement by the Company as to its compliance with the reporting requirements of Rule 144 under the Securities Act, and of the Exchange Act; a copy of the most recent annual or quarterly report of the Company; and such other reports and documents as Treasury or Holder may reasonably request in availing itself of any rule or regulation of the SEC allowing it to sell any such securities to the public without registration; *provided*, *however*, that the availability of the foregoing reports on the EDGAR filing system of the SEC will be deemed to satisfy the foregoing delivery requirements; and

(iv) take such further action as any Holder may reasonably request, all to the extent required from time to time to enable such Holder to sell Registrable Securities without registration under the Securities Act.

(k) As used in this Section 4.5, the following terms shall have the following respective meanings:

(i) "Holder" means Treasury and any other holder of Registrable Securities to whom the registration rights conferred by this Agreement have been transferred in compliance with Section 4.5(h) hereof.

(ii) "Register," "registered," and "registration" shall refer to a registration effected by preparing and (A) filing a registration statement in compliance with the Securities Act and applicable rules and regulations thereunder, and the declaration or ordering of effectiveness of such registration statement or (B) filing a prospectus and/or prospectus supplement in respect of an appropriate effective registration statement on Form S-3.

(iii) "Registrable Securities" means (A) the Warrants (subject to Section 4.5(p)) and (B) any equity securities issued or issuable directly or indirectly with respect to the securities referred to in the foregoing clause (A) by way of conversion, exercise or exchange thereof, including the Warrant Shares, or share dividend or share split or in connection with a combination of shares, recapitalization, reclassification, merger, amalgamation, arrangement, consolidation or other reorganization, *provided* that, once issued, such securities will not be Registrable Securities when (1) they are sold pursuant

to an effective registration statement under the Securities Act, (2) except as provided below in Section 4.5(o), they may be sold pursuant to Rule 144 without limitation thereunder on volume or manner of sale, (3) they shall have ceased to be outstanding or (4) they have been sold in a private transaction in which the transferor's rights under this Agreement are not assigned to the transferee of the securities. No Registrable Securities may be registered under more than one registration statement at any one time.

(iv) "Registration Expenses" mean all expenses incurred by the Company in effecting any registration pursuant to this Agreement (whether or not any registration or prospectus becomes effective or final) or otherwise complying with its obligations under this Section 4.5, including all registration, filing and listing fees, printing expenses, fees and disbursements of counsel for the Company, blue sky fees and expenses, expenses incurred in connection with any "road show", the reasonable fees and disbursements of Treasury's counsel (if Treasury is participating in the registered offering), and expenses of the Company's independent accountants in connection with any regular or special reviews or audits incident to or required by any such registration, but shall not include Selling Expenses.

(v) "Rule 144", "Rule 144A", "Rule 159A", "Rule 405" and "Rule 415" mean, in each case, such rule promulgated under the Securities Act (or any successor provision), as the same shall be amended from time to time.

(vi) "Selling Expenses" mean all discounts, selling commissions and stock transfer taxes applicable to the sale of Registrable Securities and fees and disbursements of counsel for any Holder (other than the fees and disbursements of Treasury's counsel included in Registration Expenses).

(l) At any time, any holder of Securities (including any Holder) may elect to forfeit its rights set forth in this Section 4.5 from that date forward; *provided*, that a Holder forfeiting such rights shall nonetheless be entitled to participate under Section 4.5(a)(iv) - (vi) in any Pending Underwritten Offering to the same extent that such Holder would have been entitled to if the holder had not withdrawn; and *provided*, *further*, that no such forfeiture shall terminate a Holder's rights or obligations under Section 4.5(f) with respect to any prior registration or Pending Underwritten Offering. "*Pending Underwritten Offering*" means, with respect to any Holder forfeiting its rights pursuant to this Section 4.5(l), any underwritten offering of Registrable Securities in which such Holder has advised the Company of its intent to register its Registrable Securities either pursuant to Section 4.5(a)(ii) or 4.5(a)(iv) prior to the date of such Holder's forfeiture.

(m) Specific Performance. The parties hereto acknowledge that there would be no adequate remedy at law if the Company fails to perform any of its obligations under this Section 4.5 and that Treasury and the Holders from time to time may be irreparably harmed by any such failure, and accordingly agree that Treasury and such Holders, in addition to any other remedy to which they may be entitled at law or in equity, to the fullest extent permitted and enforceable under applicable law shall be entitled to compel specific performance of the

obligations of the Company under this Section 4.5 in accordance with the terms and conditions of this Section 4.5.

(n) No Inconsistent Agreements. The Company shall not, on or after the date hereof, enter into any agreement with respect to its securities that may impair the rights granted to Treasury and the Holders under this Section 4.5 or that otherwise conflicts with the provisions hereof in any manner that may impair the rights granted to Treasury and the Holders under this Section 4.5. In the event the Company has, prior to the date hereof, entered into any agreement with respect to its securities that is inconsistent with the rights granted to Treasury and the Holders under this Section 4.5 (including agreements that are inconsistent with the order of priority contemplated by Section 4.5(a)(vi)) or that may otherwise conflict with the provisions hereof, the Company shall use its reasonable best efforts to amend such agreements to ensure they are consistent with the provisions of this Section 4.5. Any transaction entered into by the Company that would reasonably be expected to require the inclusion in a Shelf Registration Statement or any Company Report filed with the SEC of any separate financial statements pursuant to Rule 3-05 of Regulation S-X or pro forma financial statements pursuant to Article 11 of Regulation S-X shall include provisions requiring the Company's counterparty to provide any information necessary to allow the Company to comply with its obligation hereunder.

(o) Certain Offerings by Treasury. In the case of any securities held by Treasury that cease to be Registrable Securities solely by reason of clause (2) in the definition of "Registrable Securities," the provisions of Sections 4.5(a)(ii), clauses (iv), (ix) and (x)-(xii) of Section 4.5(c), Section 4.5(g) and Section 4.5(i) shall continue to apply until such securities otherwise cease to be Registrable Securities. In any such case, an "underwritten" offering or other disposition shall include any distribution of such securities on behalf of Treasury by one or more broker-dealers, an "underwriting agreement" shall include any purchase agreement entered into by such broker-dealers, and any "registration statement" or "prospectus" shall include any offering document approved by the Company and used in connection with such distribution.

(p) Registered Sales of the Warrants. The Holders agree to sell the Warrants or any portion thereof under the Shelf Registration Statement only beginning 30 days after notifying the Company of any such sale, during which 30-day period Treasury and all Holders of the Warrants shall take reasonable steps to agree to revisions to the Warrants, at the expense of the Company, to permit a public distribution of the Warrants, including entering into a revised warrant agreement, appointing a warrant agent, and making the securities eligible for book entry clearing and settlement at the Depositary Trust Company.

4.6 Voting of Warrant Shares. Notwithstanding anything in this Agreement to the contrary, Treasury shall not exercise any voting rights with respect to the Warrant Shares.

Article V
Miscellaneous

5.1 Survival of Representations and Warranties. The representations and warranties of the Company made herein or in any certificates delivered in connection with the Initial Closing or any subsequent Closing shall survive such Closing without limitation.

5.2 Amendment. No amendment of any provision of this Agreement will be effective unless made in writing and signed by an officer or a duly authorized representative of each party; *provided* that Treasury may unilaterally amend any provision of this Agreement to the extent required to comply with any changes after the date hereof in applicable federal statutes. No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative of any rights or remedies provided by law.

5.3 Waiver of Conditions. No waiver will be effective unless it is in a writing signed by a duly authorized officer of the waiving party that makes express reference to the provision or provisions subject to such waiver.

5.4 **Governing Law: Submission to Jurisdiction, Etc. This Agreement will be governed by and construed in accordance with the federal law of the United States if and to the extent such law is applicable, and otherwise in accordance with the laws of the State of New York applicable to contracts made and to be performed entirely within such State. Each of the parties hereto agrees (a) to submit to the exclusive jurisdiction and venue of the United States District Court for the District of Columbia and the United States Court of Federal Claims for any and all civil actions, suits or proceedings arising out of or relating to this Agreement or the Warrants or the transactions contemplated hereby or thereby, and (b) that notice may be served upon (i) the Company at the address and in the manner set forth for notices to the Company in Section 5.5 and (ii) Treasury in accordance with federal law. To the extent permitted by applicable law, each of the parties hereto hereby unconditionally waives trial by jury in any civil legal action or proceeding relating to this Agreement or the Warrants or the transactions contemplated hereby or thereby.**

5.5 Notices. Any notice, request, instruction or other document to be given hereunder by any party to the other will be in writing and will be deemed to have been duly given (a) on the date of delivery if delivered personally, or by facsimile, upon confirmation of receipt, or (b) on the second Business Day following the date of dispatch if delivered by a recognized next day courier service. All notices to the Company shall be delivered as set forth below, or pursuant to such other instruction as may be designated in writing by the Company to Treasury. All notices to Treasury shall be delivered as set forth below, or pursuant to such other instructions as may be designated in writing by Treasury to the Company.

If to the Company:

American Airlines Group Inc.
1 Skyview Drive
Fort Worth, Texas 76155

Facsimile: ###
Attention: Thomas T. Weir, Treasurer
Email: ###
Telephone: ###

With copies to (which shall not constitute notice):
Latham & Watkins LLP
140 Scott Drive
Menlo Park, California 94025
Attention: Tony Richmond
Facsimile: ###

If to Treasury:

United States Department of the Treasury
1500 Pennsylvania Avenue, NW, Room 2312
Washington, D.C. 20220
Attention: Assistant General Counsel (Banking and Finance)

5.6 Definitions.

(a) The term "Governmental Authority" means the government of the United States of America or any other nation, or of any political subdivision thereof, whether state or local, 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 (including any supra-national bodies such as the European Union or the European Central Bank).

(b) The term "Laws" has the meaning ascribed thereto in the Loan Agreement.

(c) The term "Lien" has the meaning ascribed thereto in the Loan Agreement.

(d) The term "Material Adverse Effect" means (a) a material adverse change in, or a material adverse effect on, the operations, business, properties, liabilities (actual or contingent), condition (financial or otherwise) or prospects of the Company and its Subsidiaries taken as a whole; or (b) a material adverse effect on (i) the ability of the Company to perform its obligations under this Agreement or any Warrant or (ii) the legality, validity, binding effect or enforceability against the Company of this Agreement or any Warrant to which it is a party.

(e) The term "Organizational Documents" has the meaning ascribed thereto in the Loan Agreement.

(f) The term "Subsidiary" has the meaning ascribed thereto in the Loan Agreement.

5.7 Assignment. Neither this Agreement nor any right, remedy, obligation nor liability arising hereunder or by reason hereof shall be assignable by any party hereto without the prior written consent of the other party, and any attempt to assign any right, remedy, obligation or liability hereunder without such consent shall be void, except (a) an assignment, in the case of a Business Combination where such party is not the surviving entity, or a sale of substantially all of its assets, to the entity which is the survivor of such Business Combination or the purchaser in such sale and (b) as provided in Section 4.5.

5.8 Severability. If any provision of this Agreement or the Warrants, or the application thereof to any person or circumstance, is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof, or the application of such provision to persons or circumstances other than those as to which it has been held invalid or unenforceable, will remain in full force and effect and shall in no way be affected, impaired or invalidated thereby, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination, the parties shall negotiate in good faith in an effort to agree upon a suitable and equitable substitute provision to effect the original intent of the parties.

5.9 No Third Party Beneficiaries. Nothing contained in this Agreement, expressed or implied, is intended to confer upon any person or entity other than the Company and Treasury any benefit, right or remedies, except that the provisions of Section 4.5 shall inure to the benefit of the persons referred to in that Section.

* * *

[Signature page follow]

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

THE UNITED STATES DEPARTMENT OF THE TREASURY

By: /s/ Brent McIntosh

Name: Brent McIntosh
Title: Under Secretary for International Affairs

AMERICAN AIRLINES GROUP INC.

By: /s/ Thomas T. Weir
Name: Thomas T. Weir
Title: Vice President and Treasurer

[*Signature Page To Warrant Agreement – American Airlines*]

ANNEX A

FORM OF OPINION

(a) The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the state of its incorporation.

(b) Each of the Warrants has been duly authorized and, when executed and delivered as contemplated by the Agreement, will constitute a valid and legally binding obligation of the Company enforceable against the Company in accordance with its terms, except as the same may
be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws
affecting the enforcement of creditors' rights generally and general equitable principles, regardless of whether such enforceability is considered in a proceeding at law or in equity.

(c) The shares of Common Stock issuable upon exercise of the Warrants have been duly authorized and reserved for issuance upon exercise of the Warrants and when so issued in accordance with the terms of the Warrants will be validly issued, fully paid and non-assessable.

(d) The Company has the corporate power and authority to execute and deliver the Agreement and the Warrants and to carry out its obligations thereunder (which includes the issuance of the Warrants and Warrant Shares).

(e) The execution, delivery and performance by the Company of the Agreement and the Warrants and the consummation of the transactions contemplated thereby have been duly authorized by all necessary corporate action on the part of the Company and its stockholders, and no further approval or authorization is required on the part of the Company.

(f) The Agreement is a valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except as the same may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and general equitable principles, regardless of whether such enforceability is considered in a proceeding at law or in equity; provided, however, such counsel need express no opinion with respect to Section 4.5(g) or the severability provisions of the Agreement insofar as Section 4.5(g) is concerned.

(g) No registration of the Warrant and the Common Stock issuable upon exercise of the Warrant under the U.S. Securities Act of 1933, as amended, is required for the offer and sale of the Warrant or the Common Stock issuable upon exercise of the Warrant by the Company to the Holder pursuant to and in the manner contemplated by this Agreement.

(h) The Company is not required to be registered as an investment company under the Investment Company Act of 1940, as amended.

Annex B

FORM OF WARRANT

[SEE ATTACHED]

FORM OF WARRANT TO PURCHASE COMMON STOCK

THE SECURITIES REPRESENTED BY THIS INSTRUMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE TRANSFERRED, SOLD OR OTHERWISE DISPOSED OF EXCEPT WHILE A REGISTRATION STATEMENT RELATING THERETO IS IN EFFECT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER SUCH ACT AND SUCH LAWS.

WARRANT
to purchase

_____
Shares of Common Stock

of _____

Issue Date: _____

1. Definitions. Unless the context otherwise requires, when used herein the following terms shall have the meanings indicated.

"*Affiliate*" means, with respect to any person, any person directly or indirectly controlling, controlled by or under common control with, such other person. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlled by" and "under common control with") when used with respect to any person, means the possession, directly or indirectly, of the power to cause the direction of management and/or policies of such person, whether through the ownership of voting securities by contract or otherwise.

"*Aggregate Net Cash Settlement Amount*" has the meaning ascribed thereto in Section 2(i).

"*Aggregate Net Share Settlement Amount*" has the meaning ascribed thereto in Section 2(ii).

"*Appraisal Procedure*" means a procedure whereby two independent appraisers, one chosen by the Company and one by the Original Warrantholder, shall mutually agree upon the determinations then the subject of appraisal. Each party shall deliver a notice to the other appointing its appraiser within 10 days after the Appraisal Procedure is invoked. If within 30 days after appointment of the two appraisers they are unable to agree upon the amount in question, a third independent appraiser shall be chosen within 10 days thereafter by the mutual consent of such first two appraisers. The decision of the third appraiser so appointed and chosen shall be given within 30 days after the selection of such third appraiser. If three appraisers shall be appointed and the determination of one appraiser is disparate from the middle determination by more than twice the amount by which the other determination is disparate from the middle

determination, then the determination of such appraiser shall be excluded, the remaining two determinations shall be averaged and such average shall be binding and conclusive upon the Company and the Original Warrantholder; otherwise, the average of all three determinations shall be binding upon the Company and the Original Warrantholder. The costs of conducting any Appraisal Procedure shall be borne by the Company.

"*Average Market Price*" means, with respect to any security, the arithmetic average of the Market Price of such security for the 15 consecutive trading day period ending on and including the trading day immediately preceding the determination date.

"*Board of Directors*" means the board of directors of the Company, including any duly authorized committee thereof.

"*Business Combination*" means a merger, consolidation, statutory share exchange or similar transaction that requires the approval of the Company's stockholders.

"*Business Day*" means any day except Saturday, Sunday and any day on which banking institutions in the State of New York generally are authorized or required by law or other governmental actions to close; *provided* that banks shall be deemed to be generally open for business in the event of a "shelter in place" or similar closure of physical branch locations at the direction of any governmental entity if such banks' electronic funds transfer system (including wire transfers) are open for use by customers on such day.

"*Capital Stock*" means (A) with respect to any Person that is a corporation or company, any and all shares, interests, participations or other equivalents (however designated) of capital or capital stock of such Person and (B) with respect to any Person that is not a corporation or company, any and all partnership or other equity interests of such Person.

"*Charter*" means, with respect to any Person, its certificate or articles of incorporation, articles of association, or similar organizational document.

"*Common Stock*" means common stock of the Company, par value $[ ] subject to adjustment as provided in Section 13(E).

"*Company*" means the Person whose name, corporate or other organizational form and jurisdiction of organization is set forth in Item 1 of Schedule A hereto.

"*conversion*" has the meaning set forth in Section 13(B).

"*convertible securities*" has the meaning set forth in Section 13(B).

"*Depositary*" means The Depositary Trust Company, its nominees and their respective successors.

"*Exchange Act*" means the Securities Exchange Act of 1934, as amended, or any successor statute, and the rules and regulations promulgated thereunder.

"*Exercise Date*" means each date a Notice of Exercise substantially in the form annexed hereto is delivered to the Company in accordance with Section 2 hereof.

"*Exercise Price*" means the amount set forth in Item 2 of Schedule A hereto, subject to adjustment as contemplated herein.

"*Expiration Time*" has the meaning set forth in Section 3.

"*Fair Market Value*" means, with respect to any security or other property, the fair market value of such security or other property as determined by the Board of Directors, acting in good faith in reliance on an opinion of a nationally recognized independent investment banking firm retained by the Company for this purpose. For so long as the Original Warrantholder holds this Warrant or any portion thereof, it may object in writing to the Board of Director's calculation of fair market value within 10 days of receipt of written notice thereof. If the Original Warrantholder and the Company are unable to agree on fair market value during the 10-day period following the delivery of the Original Warrantholder's objection, the Appraisal Procedure may be invoked by either party to determine Fair Market Value by delivering written notification thereof not later than the 30th day after delivery of the Original Warrantholder's objection.

"*Initial Number*" has the meaning set forth in Section 13(B).

"Issue Date" means the date set forth in Item 3 of Schedule A hereto.

"*Market Price*" means, with respect to a particular security, on any given day, the last reported sale price regular way or, in case no such reported sale takes place on such day, the average of the last closing bid and ask prices regular way, in either case on the principal national securities exchange on which the applicable securities are listed or admitted to trading, or if not listed or admitted to trading on any national securities exchange, the average of the closing bid and ask prices as furnished by two members of the Financial Industry Regulatory Authority, Inc. selected from time to time by the Company for that purpose. "Market Price" shall be determined without reference to after hours or extended hours trading. If such security is not listed and traded in a manner that the quotations referred to above are available for the period required hereunder, the Market Price of such security shall be deemed to be (i) in the event that any portion of the Warrant is held by the Original Warrantholder, the fair market value per share of such security as determined in good faith by the Original Warrantholder or (ii) in all other circumstances, the fair market value per share of such security as determined in good faith by the Board of Directors in reliance on an opinion of a nationally recognized independent investment banking corporation retained by the Company for this purpose and certified in a resolution to the Warrantholder.

"*Original Warrantholder*" means the United States Department of the Treasury. Any actions specified to be taken by the Original Warrantholder hereunder may only be taken by such Person and not by any other Warrantholder.

"*Permitted Transactions*" has the meaning set forth in Section 13(B).

"*Per Share Net Cash Settlement Amount*" means the Average Market Price of a share of Common Stock determined as of the relevant Exercise Date less the then applicable Exercise Price.

"*Per Share Net Share Settlement Amount*" means the quotient of (i) the Average Market Price of a share of Common Stock determined as of the relevant Exercise Date less the then applicable Exercise Price *divided by* (ii) the Average Market Price of a share of Common Stock determined as of the relevant Exercise Date.

"*Person*" has the meaning given to it in Section 3(a)(9) of the Exchange Act and as used in Sections 13(d)(3) and 14(d)(2) of the Exchange Act.

"*Per Share Fair Market Value*" has the meaning set forth in Section 13(C).

"*Pro Rata Repurchases*" means any purchase of shares of Common Stock by the Company or any Affiliate thereof pursuant to (A) any tender offer or exchange offer subject to Section 13(e) or 14(e) of the Exchange Act or Regulation 14E promulgated thereunder or (B) any other offer available to substantially all holders of Common Stock, in the case of both (A) or (B), whether for cash, shares of Capital Stock of the Company, other securities of the Company, evidences of indebtedness of the Company or any other Person or any other property (including, without limitation, shares of Capital Stock, other securities or evidences of indebtedness of a subsidiary), or any combination thereof, effected while this Warrant is outstanding. The "*Effective Date*" of a Pro Rata Repurchase shall mean the date of acceptance of shares for purchase or exchange by the Company under any tender or exchange offer which is a Pro Rata Repurchase or the date of purchase with respect to any Pro Rata Repurchase that is not a tender or exchange offer.

"*Regulatory Approvals*" with respect to the Warrantholder, means, to the extent applicable and required to permit the Warrantholder to exercise this Warrant for shares of Common Stock and to own such Common Stock without the Warrantholder being in violation of applicable law, rule or regulation, the receipt of any necessary approvals and authorizations of, filings and registrations with, notifications to, or expiration or termination of any applicable waiting period under, the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations thereunder.

"*SEC*" means the U.S. Securities and Exchange Commission.

"*Securities Act*" means the Securities Act of 1933, as amended, or any successor statute, and the rules and regulations promulgated thereunder.

"*trading day*" means (A) if the shares of Common Stock are not traded on any national or regional securities exchange or association or over-the-counter market, a Business Day or (B) if the shares of Common Stock are traded on any national or regional securities exchange or association or over-the-counter market, a Business Day on which such relevant exchange or quotation system is scheduled to be open for business and on which the shares of Common Stock (i) are not suspended from trading on any national or regional securities exchange or association or over-the-counter market for any period or periods aggregating one half hour or longer; and (ii) have traded at least once on the national or regional securities exchange or association or over-the-counter market that is the primary market for the trading of the shares of Common Stock.

"*U.S. GAAP*" means United States generally accepted accounting principles.

"*Warrant*" means this Warrant, issued pursuant to the Warrant Agreement.

"*Warrant Agreement*" means the Warrant Agreement, dated as of the date set forth in Item 4 of Schedule A hereto, as amended from time to time, between the Company and the United States Department of the Treasury.

"*Warrantholder*" has the meaning set forth in Section 2.

"*Warrant Shares*" has the meaning set forth in Section 2.

2. Number of Warrant Shares; Net Exercise. This certifies that, for value received, the United States Department of the Treasury or its permitted assigns (the "*Warrantholder*") is entitled, upon the terms and subject to the conditions hereinafter set forth, to acquire from the Company, in whole or in part, after the receipt of all applicable Regulatory Approvals, if any, up to an aggregate of the number of fully paid and nonassessable shares of Common Stock set forth in Item 5 of Schedule A hereto. The number of shares of Common Stock (the "*Warrant Shares*") issuable upon exercise of this Warrant and the Exercise Price are subject to adjustment as provided herein, and all references to "Common Stock," "Warrant Shares" and "Exercise Price" herein shall be deemed to include any such adjustment or series of adjustments.

Upon exercise of the Warrant in accordance with Section 3 hereof, the Company shall elect to pay or deliver, as the case may be, to the exercising Warrantholder (a) cash ("*Net Cash Settlement*") or (b) Warrant Shares together with cash, if applicable, in lieu of delivering any fractional shares in accordance with Section 5 of this Warrant ("*Net Share Settlement*"). The Company will notify the exercising Warrantholder of its election of a settlement method within one Business Day after the relevant Exercise Date and if it fails to deliver a timely notice shall be deemed to have elected Net Share Settlement.

(i) *Net Cash Settlement.* If the Company elects Net Cash Settlement, it shall pay to the Warrantholder cash equal to the Per Share Net Cash Settlement Amount multiplied by the number of Warrant Shares as to which the Warrant has been exercised as indicated in the Notice of Exercise (the "*Aggregate Net Cash Settlement Amount*").

(ii) *Net Share Settlement*. If the Company elects Net Share Settlement, it shall deliver to the Warrantholder a number of shares of Common Stock equal to the Per Share Net Share Settlement Amount multiplied by the number of Warrant Shares as to which the Warrant has been exercised as indicated in the Notice of Exercise (the "*Aggregate Net Share Settlement Amount*").

3. Term; Method of Exercise. Subject to Section 2, to the extent permitted by applicable laws and regulations, this Warrant is exercisable, in whole or in part by the Warrantholder, at any time or from time to time after the execution and delivery of this Warrant by the Company on the date hereof, but in no event later than 5:00 p.m., New York City time on the fifth anniversary of the Issue Date (the "*Expiration Time*"), by the surrender of this Warrant and delivery of the Notice of Exercise annexed hereto, duly completed and executed on behalf of the Warrantholder, at the principal executive office of the Company located at the address set forth in Item 6 of Schedule A hereto (or such other office or agency of the Company in the United States as it may designate by notice in writing to the Warrantholder at the address of the Warrantholder appearing on the books of the Company).

If the Warrantholder does not exercise this Warrant in its entirety, the Warrantholder will be entitled to receive from the Company within a reasonable time after the date on which this Warrant has been duly exercised in accordance with the terms of this Warrant, and in any event not exceeding three Business Days after the date thereof, a new warrant in substantially identical form for the purchase of that number of Warrant Shares equal to the difference between the number of Warrant Shares subject to this Warrant and the number of Warrant Shares as to which this Warrant is so exercised. Notwithstanding anything in this Warrant to the contrary, the Warrantholder hereby acknowledges and agrees that its exercise of this Warrant for Warrant Shares is subject to the condition that the Warrantholder will have first received any applicable Regulatory Approvals.

4. Method of Settlement.

(i) *Net Cash Settlement*. If the Company elects Net Cash Settlement, the Company shall, within a reasonable time, not to exceed five Business Days after the date on which this Warrant has been duly exercised in accordance with the terms of this Warrant, pay to the exercising Warrantholder the Aggregate Net Cash Settlement Amount.

(ii) *Net Share Settlement*. If the Company elects Net Share Settlement, shares of Common Stock equal to the Aggregate Net Share Settlement Amount shall be (x) issued in such name or names as the exercising Warrantholder may designate and (y) delivered by the Company or the Company's transfer agent to such Warrantholder or its nominee or nominees (i) if the shares are then able to be so delivered, via book-entry transfer crediting the account of such Warrantholder (or the relevant agent member for the benefit of such Warrantholder) through the Depositary's DWAC system (if the Company's transfer agent participates in such system), or (ii) otherwise in certificated form by physical delivery to the address specified by the Warrantholder in the Notice of Exercise, within a reasonable time, not to exceed three Business Days after the date on which this Warrant has been duly exercised in accordance with the terms of this Warrant.

The Company hereby represents and warrants that any Warrant Shares issued upon the exercise of this Warrant in accordance with the provisions of Section 3 will be duly and validly authorized and issued, fully paid and nonassessable and free from all taxes, liens and charges (other than liens or charges created by the Warrantholder, income and franchise taxes incurred in connection with the exercise of the Warrant or taxes in respect of any transfer occurring contemporaneously therewith). The Company agrees that the Warrant Shares so issued will be deemed to have been issued to the Warrantholder as of the close of business on the date on which this Warrant and payment of the Exercise Price are delivered to the Company in accordance with the terms of this Warrant, notwithstanding that the stock transfer books of the Company may then be closed or certificates representing such Warrant Shares may not be actually delivered on such date. The Company will at all times reserve and keep available, out of its authorized but unissued Common Stock, solely for the purpose of providing for the exercise of this Warrant, the aggregate number of shares of Common Stock then issuable upon exercise of this Warrant at any time. The Company will (A) procure, at its sole expense, the listing of the Warrant Shares issuable upon exercise of this Warrant at any time, subject to issuance or notice of issuance, on all principal stock exchanges on which the Common Stock is then listed or traded and (B) maintain such listings of such Warrant Shares at all times after issuance. The Company will use reasonable best efforts to ensure that the Warrant Shares may be issued without violation of any applicable law or regulation or of any requirement of any securities exchange on which the Warrant Shares are listed or traded.

5. No Fractional Warrant Shares or Scrip. No fractional Warrant Shares or scrip representing fractional Warrant Shares shall be issued upon any exercise of this Warrant. In lieu of any fractional Share to which the Warrantholder would otherwise be entitled, the Warrantholder shall be entitled to receive a cash payment equal to the Average Market Price of the Common Stock determined as of the Exercise Date multiplied by such fraction of a share, less the pro-rated Exercise Price for such fractional share.

6. No Rights as Stockholders; Transfer Books. This Warrant does not entitle the Warrantholder to any voting rights or other rights as a stockholder of the Company prior to the date of exercise hereof. The Company will at no time close its transfer books against transfer of this Warrant in any manner which interferes with the timely exercise of this Warrant.

7. Charges, Taxes and Expenses. Issuance of certificates for Warrant Shares to the Warrantholder upon the exercise of this Warrant shall be made without charge to the Warrantholder for any issue or transfer tax or other incidental expense in respect of the issuance of such certificates, all of which taxes and expenses shall be paid by the Company; *provided*, *however*, that the Company shall not be required to pay any tax that may be payable in respect of any transfer involved in the issuance and delivery of any such certificate, or any certificates or other securities in a name other than that of the registered holder of the Warrant surrendered upon exercise of the Warrant.

8. Transfer/Assignment.

(A) Subject to compliance with clause (B) of this Section 8, this Warrant and all rights hereunder are transferable, in whole or in part, upon the books of the Company by the registered holder hereof in person or by duly authorized attorney, and a new warrant shall be made and delivered by the Company, of the same tenor and date as this Warrant but registered in the name of one or more transferees, upon surrender of this Warrant, duly endorsed, to the office or agency of the Company described in Section 3. All expenses (other than stock transfer taxes) and other charges payable in connection with the preparation, execution and delivery of the new warrants pursuant to this Section 8 shall be paid by the Company.

(B) If and for so long as required by the Warrant Agreement, this Warrant shall contain the legend as set forth in Sections 4.2(a) of the Warrant Agreement.

9. Exchange and Registry of Warrant. This Warrant is exchangeable, upon the surrender hereof by the Warrantholder to the Company, for a new warrant or warrants of like tenor and representing the right to purchase the same aggregate number of Warrant Shares. The Company shall maintain a registry showing the name and address of the Warrantholder as the registered holder of this Warrant. This Warrant may be surrendered for exchange or exercise in accordance with its terms, at the office of the Company, and the Company shall be entitled to rely in all respects, prior to written notice to the contrary, upon such registry.

10. Loss, Theft, Destruction or Mutilation of Warrant. Upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant, and in the case of any such loss, theft or destruction, upon receipt of a bond, indemnity or security reasonably satisfactory to the Company, or, in the case of any such mutilation, upon surrender and cancellation of this Warrant, the Company shall make and deliver, in lieu of such lost, stolen, destroyed or mutilated Warrant, a new Warrant of like tenor and representing the right to purchase the same aggregate number of Warrant Shares as provided for in such lost, stolen, destroyed or mutilated Warrant.

11. Saturdays, Sundays, Holidays, etc. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall not be a Business Day, then such action may be taken or such right may be exercised on the next succeeding day that is a Business Day.

12. Information. With a view to making available to Warrantholders the benefits of certain rules and regulations of the SEC which may permit the sale of the Warrants and Warrant Shares to the public without registration, the Company agrees to use its reasonable best efforts to:

(A) make and keep adequate public information available, as those terms are understood and defined in Rule 144(c) or any similar or analogous rule promulgated under the Securities Act, at all times after the date hereof;

(B)(x) file with the SEC, in a timely manner, all reports and other documents required of the Company under the Securities Act and the Exchange Act, and (y) if at any time the Company

is not required to file such reports, make available, upon the request of any Warrantholder, such information necessary to permit sales pursuant to Rule 144A (including the information required by Rule 144A(d)(4) under the Securities Act);

(C) furnish to any holder of Warrants or Warrant Shares forthwith upon request: a written statement by the Company as to its compliance with the reporting requirements of the Exchange Act and Rule 144(c)(1); a copy of the most recent annual or quarterly report of the Company; and such other reports and documents as the Warrantholder may reasonably request in availing itself of any rule or regulation of the SEC allowing it to sell any such securities to the public without registration; and

(D) take such further action as any Warrantholder may reasonably request, all to the extent required from time to time to enable such Waranthолder to sell Warrants or Warrant Shares without registration under the Securities Act.

13. Adjustments and Other Rights. The Exercise Price and the number of Warrant Shares issuable upon exercise of the Warrant shall be subject to adjustment from time to time as follows; *provided*, that if more than one subsection of this Section 13 is applicable to a single event, the subsection shall be applied that produces the largest adjustment and no single event shall cause an adjustment under more than one subsection of this Section 13 so as to result in duplication:

(A) Stock Splits, Subdivisions, Reclassifications or Combinations. If the Company shall (i) declare and pay a dividend or make a distribution on its Common Stock in shares of Common Stock, (ii) subdivide or reclassify the outstanding shares of Common Stock into a greater number of shares, or (iii) combine or reclassify the outstanding shares of Common Stock into a smaller number of shares, the number of Warrant Shares issuable upon exercise of this Warrant at the time of the record date for such dividend or distribution or the effective date of such subdivision, combination or reclassification shall be proportionately adjusted so that the Warrantholder after such date shall be entitled to acquire the number of shares of Common Stock which such holder would have owned or been entitled to receive in respect of the shares of Common Stock subject to this Warrant after such date had this Warrant been exercised immediately prior to such date. In such event, the Exercise Price in effect at the time of the record date for such dividend or distribution or the effective date of such subdivision, combination or reclassification shall be adjusted to the number obtained by dividing (x) the product of (1) the number of Warrant Shares issuable upon the exercise of this Warrant before such adjustment and (2) the Exercise Price in effect immediately prior to the record or effective date, as the case may be, for the dividend, distribution, subdivision, combination or reclassification giving rise to this adjustment by (y) the new number of Warrant Shares issuable upon exercise of the Warrant determined pursuant to the immediately preceding sentence.

(B) Certain Issuances of Common Stock or Convertible Securities. If the Company shall issue shares of Common Stock (or rights or warrants or other securities exercisable or convertible into or exchangeable (collectively, a "*conversion*") for shares of Common Stock) (collectively, "*convertible securities*") (other than in Permitted Transactions (as defined below)

or a transaction to which subsection (A) of this Section 13 is applicable) without consideration or at a consideration per share (or having a conversion price per share) that is less than 90% of the Average Market Price determined as of the date of the agreement on pricing such shares (or such convertible securities) then, in such event:

(A) the number of Warrant Shares issuable upon the exercise of this Warrant immediately prior to the date of the agreement on pricing of such shares (or of such convertible securities) (the "*Initial Number*") shall be increased to the number obtained by multiplying the Initial Number by a fraction (A) the numerator of which shall be the sum of (x) the number of shares of Common Stock of the Company outstanding on such date and (y) the number of additional shares of Common Stock issued (or into which convertible securities may be exercised or convert) and (B) the denominator of which shall be the sum of (I) the number of shares of Common Stock outstanding on such date and (II) the number of shares of Common Stock which the aggregate consideration receivable by the Company for the total number of shares of Common Stock so issued (or into which convertible securities may be exercised or convert) would purchase at the Average Market Price determined as of the date of the agreement on pricing such shares (or such convertible securities); and

(B) the Exercise Price payable upon exercise of the Warrant shall be adjusted by multiplying such Exercise Price in effect immediately prior to the date of the agreement on pricing of such shares (or of such convertible securities) by a fraction, the numerator of which shall be the number of shares of Common Stock issuable upon exercise of this Warrant prior to such date and the denominator of which shall be the number of shares of Common Stock issuable upon exercise of this Warrant immediately after the adjustment described in clause (A) above.

For purposes of the foregoing, the aggregate consideration receivable by the Company in connection with the issuance of such shares of Common Stock or convertible securities shall be deemed to be equal to the sum of the net offering price (including the Fair Market Value of any non-cash consideration and after deduction of any related expenses payable to third parties) of all such securities plus the minimum aggregate amount, if any, payable upon exercise or conversion of any such convertible securities into shares of Common Stock; and "*Permitted Transactions*" shall mean issuances (i) as consideration for or to fund the acquisition of businesses and/or related assets, (ii) in connection with employee benefit plans and compensation related arrangements in the ordinary course and consistent with past practice approved by the Board of Directors, (iii) in connection with a public or broadly marketed offering and sale of Common Stock or convertible securities for cash conducted by the Company or its affiliates pursuant to registration under the Securities Act or Rule 144A thereunder on a basis consistent with capital raising transactions by comparable institutions and (iv) in connection with the exercise of preemptive rights on terms existing as of the Issue Date. Any adjustment made pursuant to this Section 13(B) shall become effective immediately upon the date of such issuance.

(C) Other Distributions. In case the Company shall fix a record date for the making of a distribution to all holders of shares of its Common Stock of securities, evidences of indebtedness, assets, cash, rights or warrants (excluding dividends of its Common Stock and other dividends or distributions referred to in Section 13(A)), in each such case, the Exercise Price in effect prior to such record date shall be reduced immediately thereafter to the price determined by multiplying the Exercise Price in effect immediately prior to the reduction by the quotient of (x) the Average Market Price of the Common Stock determined as of the first date on which the Common Stock trades regular way on the principal national securities exchange on which the Common Stock is listed or admitted to trading without the right to receive such distribution, minus the amount of cash and/or the Fair Market Value of the securities, evidences of indebtedness, assets, rights or warrants to be so distributed in respect of one share of Common Stock (such amount and/or Fair Market Value, the "*Per Share Fair Market Value*") divided by (y) the Average Market Price specified in clause (x); such adjustment shall be made successively whenever such a record date is fixed. In such event, the number of Warrant Shares issuable upon the exercise of this Warrant shall be increased to the number obtained by dividing (x) the product of (1) the number of Warrant Shares issuable upon the exercise of this Warrant before such adjustment, and (2) the Exercise Price in effect immediately prior to the distribution giving rise to this adjustment by (y) the new Exercise Price determined in accordance with the immediately preceding sentence. In the event that such distribution is not so made, the Exercise Price and the number of Warrant Shares issuable upon exercise of this Warrant then in effect shall be readjusted, effective as of the date when the Board of Directors determines not to distribute such shares, evidences of indebtedness, assets, rights, cash or warrants, as the case may be, to the Exercise Price that would then be in effect and the number of Warrant Shares that would then be issuable upon exercise of this Warrant if such record date had not been fixed.

(D) Certain Repurchases of Common Stock. In case the Company effects a Pro Rata Repurchase of Common Stock, then the Exercise Price shall be reduced to the price determined by multiplying the Exercise Price in effect immediately prior to the Effective Date of such Pro Rata Repurchase by a fraction of which the numerator shall be (i) the product of (x) the number of shares of Common Stock outstanding immediately before such Pro Rata Repurchase and (y) the Average Market Price of a share of Common Stock determined as of the date of the first public announcement by the Company or any of its Affiliates of the intent to effect such Pro Rata Repurchase, minus (ii) the aggregate purchase price of the Pro Rata Repurchase, and of which the denominator shall be the product of (i) the number of shares of Common Stock outstanding immediately prior to such Pro Rata Repurchase minus the number of shares of Common Stock so repurchased and (ii) the Average Market Price per share of Common Stock determined as of the date of the first public announcement by the Company or any of its Affiliates of the intent to effect such Pro Rata Repurchase. In such event, the number of shares of Common Stock issuable upon the exercise of this Warrant shall be increased to the number obtained by dividing (x) the product of (1) the number of Warrant Shares issuable upon the exercise of this Warrant before such adjustment, and (2) the Exercise Price in effect immediately prior to the Pro Rata Repurchase giving rise to this adjustment by (y) the new Exercise Price determined in accordance with the immediately preceding sentence. For the avoidance of doubt, no increase to the Exercise Price or decrease in the number of Warrant Shares issuable upon exercise of this Warrant shall be made pursuant to this Section 13(D).

(E) Business Combinations. In case of any Business Combination or reclassification of Common Stock (other than a reclassification of Common Stock referred to in Section 13(A)), the Warrantholder's right to receive Warrant Shares upon exercise of this Warrant shall be converted into the right to exercise this Warrant to acquire the number of shares of stock or other securities or property (including cash) which the Common Stock issuable (at the time of such Business Combination or reclassification) upon exercise of this Warrant immediately prior to such Business Combination or reclassification would have been entitled to receive upon consummation of such Business Combination or reclassification; and in any such case, if necessary, the provisions set forth herein with respect to the rights and interests thereafter of the Warrantholder shall be appropriately adjusted so as to be applicable, as nearly as may reasonably be, to the Warrantholder's right to exercise this Warrant in exchange for any shares of stock or other securities or property pursuant to this paragraph. In determining the kind and amount of stock, securities or the property receivable upon exercise of this Warrant following the consummation of such Business Combination, if the holders of Common Stock have the right to elect the kind or amount of consideration receivable upon consummation of such Business Combination, then the consideration that the Warrantholder shall be entitled to receive upon exercise shall be deemed to be the types and amounts of consideration received by the majority of all holders of the shares of common stock that affirmatively make an election (or of all such holders if none make an election).

(F) Rounding of Calculations; Minimum Adjustments. All calculations under this Section 13 shall be made to the nearest one-tenth (1/10th) of a cent or to the nearest one-hundredth (1/100th) of a share, as the case may be. Any provision of this Section 13 to the contrary notwithstanding, no adjustment in the Exercise Price or the number of Warrant Shares shall be made if the amount of such adjustment would be less than $0.01 or one-tenth (1/10th) of a share of Common Stock, but any such amount shall be carried forward and an adjustment with respect thereto shall be made at the time of and together with any subsequent adjustment which, together with such amount and any other amount or amounts so carried forward, shall aggregate $0.01 or 1/10th of a share of Common Stock, or more.

(G) Timing of Issuance of Additional Common Stock Upon Certain Adjustments. In any case in which the provisions of this Section 13 shall require that an adjustment shall become effective immediately after a record date for an event, the Company may defer until the occurrence of such event (i) issuing to the Warrantholder of this Warrant exercised after such record date and before the occurrence of such event the additional shares of Common Stock issuable upon such exercise by reason of the adjustment required by such event over and above the shares of Common Stock issuable upon such exercise before giving effect to such adjustment and (ii) paying to such Warrantholder any amount of cash in lieu of a fractional share of Common Stock; *provided*, *however*, that the Company upon request shall deliver to such Warrantholder a due bill or other appropriate instrument evidencing such Warrantholder's right to receive such additional shares, and such cash, upon the occurrence of the event requiring such adjustment.

(H) Other Events. For so long as the Original Warrantholder holds this Warrant or any portion thereof, if any event occurs as to which the provisions of this Section 13 are not strictly applicable or, if strictly applicable, would not, in the good faith judgment of the Board of Directors of the Company, fairly and adequately protect the purchase rights of the Warrants in accordance with the essential intent and principles of such provisions, then the Board of Directors shall make such adjustments in the application of such provisions, in accordance with such essential intent and principles, as shall be reasonably necessary, in the good faith opinion of the Board of Directors, to protect such purchase rights as aforesaid. The Exercise Price or the number of Warrant Shares shall not be adjusted in the event of a change in the par value of the Common Stock or a change in the jurisdiction of incorporation of the Company.

(I) Statement Regarding Adjustments. Whenever the Exercise Price or the number of Warrant Shares shall be adjusted as provided in Section 13, the Company shall forthwith file at the principal office of the Company a statement showing in reasonable detail the facts requiring such adjustment and the Exercise Price that shall be in effect and the number of Warrant Shares after such adjustment, and the Company shall also cause a copy of such statement to be sent by mail, first class postage prepaid, to each Warrantholder at the address appearing in the Company's records.

(J) Notice of Adjustment Event. In the event that the Company shall propose to take any action of the type described in this Section 13 (but only if the action of the type described in this Section 13 would result in an adjustment in the Exercise Price or the number of Warrant Shares or a change in the type of securities or property to be delivered upon exercise of this Warrant), the Company shall give notice to the Warrantholder, in the manner set forth in Section 13(J), which notice shall specify the record date, if any, with respect to any such action and the approximate date on which such action is to take place. Such notice shall also set forth the facts with respect thereto as shall be reasonably necessary to indicate the effect on the Exercise Price and the number, kind or class of shares or other securities or property which shall be deliverable upon exercise of this Warrant. In the case of any action which would require the fixing of a record date, such notice shall be given at least 10 days prior to the date so fixed, and in case of all other action, such notice shall be given at least 15 days prior to the taking of such proposed action. Failure to give such notice, or any defect therein, shall not affect the legality or validity of any such action.

(K) Proceedings Prior to Any Action Requiring Adjustment. As a condition precedent to the taking of any action which would require an adjustment pursuant to this Section 13, the Company shall take any action which may be necessary, including obtaining regulatory, New York Stock Exchange, NASDAQ Stock Market or other applicable national securities exchange or stockholder approvals or exemptions, as applicable, in order that the Company may thereafter validly and legally issue as fully paid and nonassessable all shares of Common Stock that the Warrantholder is entitled to receive upon exercise of this Warrant pursuant to this Section 13.

(L) Adjustment Rules. Any adjustments pursuant to this Section 13 shall be made successively whenever an event referred to herein shall occur. If an adjustment in Exercise Price made hereunder would reduce the Exercise Price to an amount below par value of the Common

Stock, then such adjustment in Exercise Price made hereunder shall reduce the Exercise Price to the par value of the Common Stock.

14. No Impairment. The Company will not, by amendment of its Charter or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company, but will at all times in good faith assist in the carrying out of all the provisions of this Warrant and in taking of all such action as may be necessary or appropriate in order to protect the rights of the Warrantholder.

15. Governing Law. **This Warrant will be governed by and construed in accordance with the federal law of the United States if and to the extent such law is applicable, and otherwise in accordance with the laws of the State of New York applicable to contracts made and to be performed entirely within such State. Each of the Company and the Warrantholder agrees (a) to submit to the exclusive jurisdiction and venue of the United States District Court for the District of Columbia for any civil action, suit or proceeding arising out of or relating to this Warrant or the transactions contemplated hereby, and (b) that notice may be served upon the Company at the address in Section 19 below and upon the Warrantholder at the address for the Warrantholder set forth in the registry maintained by the Company pursuant to Section 9 hereof. To the extent permitted by applicable law, each of the Company and the Warrantholder hereby unconditionally waives trial by jury in any civil legal action or proceeding relating to the Warrant or the transactions contemplated hereby or thereby.**

16. Binding Effect. This Warrant shall be binding upon any successors or assigns of the Company.

17. Amendments. This Warrant may be amended and the observance of any term of this Warrant may be waived only with the written consent of the Company and the Warrantholder.

18. Prohibited Actions. The Company agrees that it will not take any action which would entitle the Warrantholder to an adjustment of the Exercise Price if the total number of shares of Common Stock issuable after such action upon exercise of this Warrant, together with all shares of Common Stock then outstanding and all shares of Common Stock then issuable upon the exercise of all outstanding options, warrants, conversion and other rights, would exceed the total number of shares of Common Stock then authorized by its Charter.

19. Notices. Any notice, request, instruction or other document to be given hereunder by any party to the other will be in writing and will be deemed to have been duly given (a) on the date of delivery if delivered personally, or by facsimile, upon confirmation of receipt, or (b) on the second Business Day following the date of dispatch if delivered by a recognized next day courier service. All notices hereunder shall be delivered as set forth in Item 7 of Schedule A hereto, or pursuant to such other instructions as may be designated in writing by the party to receive such notice.

20. Entire Agreement. This Warrant, the forms attached hereto and Schedule A hereto (the terms of which are incorporated by reference herein), and the Warrant Agreement (including all documents incorporated therein), contain the entire agreement between the parties with respect to the subject matter hereof and supersede all prior and contemporaneous arrangements or undertakings with respect thereto.

[Remainder of page intentionally left blank]

[Form of Notice of Exercise]

Date:

TO: **[Company[**

RE: Exercise of Warrant

The undersigned, pursuant to the provisions set forth in the attached Warrant, hereby notifies the Company of its intention to exercise its option with respect to the number of shares of the Common Stock set forth below covered by such Warrant. Pursuant to Section 4 of the Warrant, the undersigned acknowledges that the Company may settle this exercise in net cash or shares. Cash to be paid pursuant to a Net Cash Settlement or payment of fractional shares in connection with a Net Share Settlement should be deposited to the account of the Warrantholder set forth below. Common Stock to be delivered pursuant to a Net Share Settlement shall be delivered to the Warrantholder as indicated below. A new warrant evidencing the remaining shares of Common Stock covered by such Warrant, but not yet subscribed for and purchased, if any, should be issued in the name set forth below.

Number of Warrant Shares: _____

Aggregate Exercise Price:

Address for Delivery of Warrant Shares: _____

Wire Instructions:

Proceeds to be delivered: **$**
Name of Bank:
City/ State of Bank:
ABA Number of Bank
SWIFT #
Name of Account:

Account Number at Bank:
Securities to be issued to:

If in book-entry form through the Depositary:

Depositary Account Number: _____

Name of Agent Member: _____

If in certificated form:

Social Security Number or Other Identifying Number: _____

Name: _____

Street Address: _____

City, State and Zip Code: _____

Any unexercised Warrants evidenced by the exercising Warrantholder's interest in the Warrant:

Social Security Number or Other Identifying Number: _____

Name: _____

Street Address: _____

City, State and Zip Code: _____

Holder: _____
By: _____
Name: _____
Title: _____

IN WITNESS WHEREOF, the Company has caused this Warrant to be duly executed by a duly authorized officer.

Dated:

COMPANY:

By:

Name:
Title:

Attest:

By:

Name:
Title:

[Signature Page to Warrant]

SCHEDULE A

Item 1
Name:
Corporate or other organizational form:
Jurisdiction of organization:

Item 2
Exercise Price:

Item 3
Issue Date:

Item 4
Date of Warrant Agreement between the Company and the United States Department of the Treasury:

Item 5
Number of shares of Common Stock:

Item 6
Company’s address:

Item 7
Notice information:

SCHEDULE 1

WARRANT SHARES FORMULA

The number of Warrant Shares for which Warrants issued on each Warrant Closing Date shall be exercisable shall equal:

(i) On the Closing Date, the quotient of (x) the product of the principal amount of the initial Borrowing multiplied *by* 0.1 *divided by* (y) the Exercise Price (as defined in Annex B); and

(ii) On each subsequent Warrant Closing Date, the quotient of (x) the product of the principal amount of the subsequent Borrowing multiplied *by* 0.1 *divided by* (y) the Exercise Price.

SCHEDULE 2

CAPITALIZATION

Common Shares Authorized ($0.01 par value)	1,750,000,000
Common Shares Outstanding	508,577,342
Restricted Stock Unit Awards Outstanding at Target	6,724,919
Additional Restricted Stock Unit Awards Assuming Max Performance	1,164,671
PSP Warrant Issued	13,703,876
Convertible Debt (assuming maximum conversion)	74,074,000
Total	604,244,808
Total Shares Available for Issuance Under 2013 Equity Incentive Plan	26,207,658
Preferred Shares Authorized ($0.01 par value)	200,000,000
Preferred Shares Outstanding	0

SCHEDULE 3

REQUIRED STOCKHOLDER APPROVALS

None.

Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would be competitively harmful if publicly disclosed.

Exhibit 10.1

LOAN AND GUARANTEE AGREEMENT

dated as of

September 25, 2020

among

AMERICAN AIRLINES, INC., as Borrower,

the Guarantors party hereto from time to time,

THE UNITED STATES DEPARTMENT OF THE TREASURY,

and

THE BANK OF NEW YORK MELLON,

as Administrative Agent and Collateral Agent

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SCHEDULES

EXHIBITS

LOAN AND GUARANTEE AGREEMENT dated as of September 25, 2020 (this "Agreement"), among AMERICAN AIRLINES, INC., a corporation organized under the laws of Delaware (the "Borrower"), AMERICAN AIRLINES GROUP INC., a corporation organized under the laws of Delaware (the "Parent"), the Guarantors party hereto from time to time, the UNITED STATES DEPARTMENT OF THE TREASURY ("Treasury") and THE BANK OF NEW YORK MELLON as Administrative Agent and Collateral Agent.

WHEREAS, the Borrower has requested that the Initial Lender (as defined below) extend credit as is permissible under the Coronavirus Aid, Relief, and Economic Security Act, Pub. L. 116-136 (Mar. 27, 2020), as the same may be amended form time to time (the "CARES Act") to the Borrower, and the Initial Lender is willing to do so on the terms and conditions set forth herein; and

WHEREAS, pursuant to Section 4003(h)(1) of the CARES Act, for purposes of the Code (as defined below) the Loans (as defined below) shall be treated as indebtedness and as having been issued for their aggregate stated principal amount, and the interest payable pursuant to Section 2.09(a) shall be treated as qualified stated interest.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01 Defined Terms. As used in this Agreement, the following terms have the meanings specified below:

"Additional Collateral" shall mean (a) cash and Cash Equivalents pledged to the Collateral Agent for the benefit of the Secured Parties under the Security Documents (and subject to an account control agreement in form and substance satisfactory to the Appropriate Party), (b) airframes, aircraft, engines and Spare Parts, registered, habitually located, or located in a designated location, respectively, in the United States and that are eligible for the benefits of Section 1110 of the Bankruptcy Code, 11 U.S.C. § 1110 or otherwise acceptable to the Required Lenders (provided that any airframe must be less than 20 years old at the time of its designation as Additional Collateral), (c) Route Authorities for routes with at least one end point located in the United States and all Slots and Gate Leaseholds related from time to time thereto or otherwise acceptable to the Required Lenders, (d) real property, (e) ground support equipment, (f) flight simulators and (g) any other assets acceptable to the Required Lenders, and all of which assets shall (i) (other than Additional Collateral of the type described in clause (a)) be valued by a new Appraisal at the time the Parent designates such assets as Additional Collateral, (ii) as of any date of addition of such assets as Collateral, be subject, to the extent purported to be created by the applicable Security Document, to a perfected first priority Lien and/or mortgage (or comparable Lien), in favor of the Collateral Agent for the benefit of the Secured Parties and otherwise subject only to Permitted Liens (excluding those referred to in clause (4) of the definition of "Permitted Lien"), (iii) pledged to the Collateral Agent for the benefit of the Secured Parties pursuant to security agreement(s) or mortgage(s), as applicable, in a form satisfactory to the Appropriate Party and (iv) at the time of their designation as Additional Collateral, be accompanied by a legal opinion in form satisfactory to the Appropriate Party; provided that, in accordance with Section 8.06, the Collateral Agent may designate a sub-agent to accept the security interest in any Additional Collateral for the benefit of the Secured Parties; provided further that, with respect to Additional Collateral of the type described in clauses (c), (d) and (g), the Borrower agrees to notify the Collateral Agent as promptly as practicable of any new categories of assets which are expected to be designated as Additional Collateral or any new jurisdictions in which any asset is to be secured or located; provided further that, with respect to Additional Collateral of the type

described in clause (d), (e) or (f), (i) such assets are acceptable to the Required Lenders, (ii) the Borrower shall have delivered Appraisals acceptable in form and substance to the Required Lenders with respect to such assets, (iii) such assets are subject to a loan to value framework acceptable to the Required Lenders, (iv) such assets are pledged pursuant to documentation acceptable in form and substance to the Required Lenders and (v) the benefits of pledging such assets outweigh the associated cost, burden, difficulty or other consequences, as determined by the Required Lenders in their sole discretion.

"Adjusted LIBO Rate" means, as to any Borrowing for any Interest Period, an interest rate per annum (rounded upwards, if necessary, to the next 1/100 of 1%) equal to (a) the LIBO Rate for such Interest Period divided by (b) one minus the Eurodollar Reserve Percentage.

"Administrative Account" means the account opened with the Administrative Agent in the name of the Initial Lender as notified to the Borrower and the Initial Lender, or such other account as the Administrative Agent shall advise the Borrower and each Lender from time to time.

"Administrative Agency Fee Letter" means any fee letter entered into between the Borrower, the Administrative Agent and the Collateral Agent, or with any successor administrative agent or collateral agent, in its capacity as administrative agent and in its capacity as collateral agent under any of the Loan Documents.

"Administrative Agent" means The Bank of New York Mellon, in its capacity as administrative agent under any of the Loan Documents, or any successor administrative agent.

"Administrative Questionnaire" means an Administrative Questionnaire in a form supplied by or otherwise acceptable to the Administrative Agent.

"Affected Financial Institution" means (a) any EEA Financial Institution or (b) any UK Financial Institution.

"Affiliate" means any Person that directly or indirectly controls, is controlled by, or is under common control with, any other Person. For purposes of this definition, "control" of a Person shall mean having the power, directly or indirectly, to direct or cause the direction of the management and policies of such Person, whether by ownership of voting equity, by contract, or otherwise.

"Agent Parties" has the meaning specified in Section 11.01(d)(ii).

"Agent Responsible Officer" means, when used with respect to an Agent, any vice president, assistant vice president, assistant treasurer or trust officer in the corporate trust and agency administration of the Agent or any other officer of the Agent customarily performing functions similar to those performed by any of the above-designated officers, and, in each case, who shall have direct responsibility for the administration of this Agreement and also means, with respect to a particular agency matter, any other officer to whom such matter is referred because of his or her knowledge of and familiarity with the particular subject.

"Agents" means any of the Administrative Agent and the Collateral Agent.

"Agreement" has the meaning specified in introductory paragraph hereof.

"Air Carrier" has the meaning such term has under Section 40102 of Title 49, United States Code.

"Alternate Base Rate" means, for any day, a rate per annum equal to the highest of (a) the Prime Rate in effect on such day, (b) the Federal Funds Effective Rate in effect on such day plus 0.50% and (c) the Adjusted LIBO Rate for a one-month term in effect on such day (taking into account any LIBO Rate floor under the definition of "Adjusted LIBO Rate") plus 1.00%. Any change in the Alternate Base Rate due to a change in the Prime Rate, the Federal Funds Effective Rate or such Adjusted LIBO Rate shall be effective from and including the effective date of such change in the Prime Rate, the Federal Funds Effective Rate or such Adjusted LIBO Rate, respectively.

"AML Laws" means (a) the USA Patriot Act of 2001 (Pub. L. No. 107-56), (b) the U.S. Money Laundering Control Act of 1986, as amended, (c) the Bank Secrecy Act, 31 U.S.C. sections 5301 et seq., (d) Laundering of Monetary Instruments, 18 U.S.C. section 1956, (e) Engaging in Monetary Transactions in Property Derived from Specified Unlawful Activity, 18 U.S.C. section 1957, (f) the Financial Recordkeeping and Reporting of Currency and Foreign Transactions Regulations (Title 31 Part 103 of the US Code of Federal Regulations), or (g) any other applicable money laundering or financial recordkeeping Laws.

"Applicable Law" means, as to any Person, all applicable Laws binding upon such Person or to which such a Person is subject.

"Applicable Percentage" means, with respect to any Lender, the percentage of the total Outstanding Amount of Loans of all Lenders represented by the aggregate Outstanding Amount of Loans of such Lender at such time.

"Applicable Rate" means 3.50%.

"Appraisal" means any appraisal specifying a value in Dollars (and not a range of values), dated as of the delivery thereof, prepared by an Eligible Appraiser that certifies, at the time of determination, in reasonable detail the Appraised Value of Eligible Collateral; provided that any methodology, form of presentation and all assumptions must be acceptable to the Appropriate Party; provided further that the methodology, form of presentation and assumptions in the Appraisal delivered on the Closing Date pursuant to Section 4.01(i) shall be satisfactory for any subsequent Appraisal with respect to the same category and specific type of Eligible Collateral.

"Appraised Value" means, as of any date, (a) the specific value in Dollars (and not a range of values) of any property constituting Eligible Collateral (other than cash and Cash Equivalents) as reflected in the most recent Appraisal, (b) with respect to any cash pledged or being pledged at such time as Collateral, 160% of the face amount and (c) with respect to any Cash Equivalents pledged or being pledged at such time as Collateral, 100% of the fair market value thereof as determined by the Parent in accordance with customary financial market practices determined no earlier than 45 days prior to such date; provided that (i) if no Appraisal relating to such Eligible Collateral has been delivered to the Collateral Agent prior to such date, the Appraised Value of such Eligible Collateral shall be deemed to be zero and (ii) in the case of any such property consisting of ground support equipment, the Appraised Value shall be deemed to be 50% of the value set forth in the most recent Appraisal.

"Appropriate Party" means (i) while the Initial Lender holds any Commitment or Loan, the Initial Lender and (ii) if the Initial Lender is no longer a Lender, the Administrative Agent (acting at the direction of the Required Lenders).

"Approved Fund" means any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

"Assignment and Assumption" means an assignment and assumption entered into by a Lender and an Eligible Assignee (with the consent of any party whose consent is required by Section 11.04), and accepted by the Administrative Agent, in substantially the form of Exhibit A or any other form approved by the Administrative Agent.

"Attributable Indebtedness" means, as of any date of determination, (a) in respect of any Capitalized Lease Obligations of any Person, the capitalized amount thereof that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP, and (b) in respect of any Synthetic Lease Obligation, the capitalized amount of the remaining lease payments under the relevant lease that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP if such lease were accounted for as a capital lease.

"Available Tenor" means, as of any date of determination and with respect to the then-current Benchmark, as applicable, any tenor for such Benchmark or payment period for interest calculated with reference to such Benchmark, as applicable, that is or may be used for determining the length of an Interest Period pursuant to this Agreement as of such date and not including, for the avoidance of doubt, any tenor for such Benchmark that is then-removed from the definition of "Interest Period" pursuant to clause (d) of Section 2.10.

"Bail-In Action" means the exercise of any Write-Down and Conversion Powers by an applicable Resolution Authority in respect of any liability of any Affected Financial Institution.

"Bail-In Legislation" means, (a) 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 and (b) with respect to the United Kingdom, Part I of the United Kingdom Banking Act 2009 (as amended from time to time) and any other law, regulation or rule applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (other than through liquidation, administration or other insolvency proceedings).

"Benchmark" means, initially, USD LIBO Rate; provided that if a Benchmark Transition Event or an Early Opt-in Election, as applicable, and its related Benchmark Replacement Date have occurred with respect to USD LIBO Rate or the then-current Benchmark, then "Benchmark" means the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior benchmark rate pursuant to Section 2.10(a).

"Benchmark Replacement" means, for any Available Tenor, the first alternative set forth in the order below that can be determined by the Required Lenders for the applicable Benchmark Replacement Date:

(1) the sum of: (a) Term SOFR and (b) the related Benchmark Replacement Adjustment;

(2) the sum of: (a) Daily Simple SOFR and (b) the related Benchmark Replacement Adjustment;

(3) the sum of: (a) the alternate benchmark rate that has been selected by (y) so long as the Initial Lender is a Lender, the Initial Lender and (z) otherwise, the Required Lenders and the Borrower, in each case, as the replacement for the then-current Benchmark for the applicable Corresponding Tenor giving due consideration to (i) any selection or recommendation of a replacement benchmark rate or the mechanism for determining such a rate by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a benchmark rate as a replacement for the then-

current Benchmark for U.S. dollar-denominated syndicated credit facilities at such time and (b) the related Benchmark Replacement Adjustment;

provided that, in the case of clause (1), such Unadjusted Benchmark Replacement is displayed on a screen or other information service that publishes such rate from time to time as selected by the Required Lenders in their reasonable discretion and such screen is administratively acceptable as determined by the Administrative Agent in its reasonable discretion. If the Benchmark Replacement as determined pursuant to clause (1), (2) or (3) above would be less than the Floor, the Benchmark Replacement will be deemed to be the Floor for the purposes of this Agreement and the other Loan Documents; provided further that any such Benchmark Replacement shall be administratively feasible as determined by the Administrative Agent in its reasonable discretion.

"Benchmark Replacement Adjustment" means, with respect to any replacement of the then- current Benchmark with an Unadjusted Benchmark Replacement for any applicable Interest Period and Available Tenor for any setting of such Unadjusted Benchmark Replacement:

(1) for purposes of clauses (1) and (2) of the definition of "Benchmark Replacement," the first alternative set forth in the order below that can be determined by the Required Lenders:

(a) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) as of the Reference Time such Benchmark Replacement is first set for such Interest Period that has been selected or recommended by the Relevant Governmental Body for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement for the applicable Corresponding Tenor;

(b) the spread adjustment (which may be a positive or negative value or zero) as of the Reference Time such Benchmark Replacement is first set for such Interest Period that would apply to the fallback rate for a derivative transaction referencing the ISDA Definitions to be effective upon an index cessation event with respect to such Benchmark for the applicable Corresponding Tenor; and

(2) for purposes of clause (3) of the definition of "Benchmark Replacement," the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by (y) so long as the Initial Lender is a Lender, the Initial Lender and (z) otherwise, the Required Lenders and the Borrower, in each case, for the applicable Corresponding Tenor giving due consideration to (i) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body on the applicable Benchmark Replacement Date or (ii) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated syndicated credit facilities;

provided that, in the case of clause (1) above, such adjustment is displayed on a screen or other information service that publishes such Benchmark Replacement Adjustment from time to time as selected by the Required Lenders in their reasonable discretion and such screen is administratively acceptable as determined by the Administrative Agent in its reasonable discretion; provided that, any such Benchmark Replacement Adjustment shall be administratively feasible as determined by the Administrative Agent in its reasonable discretion.

"Benchmark Replacement Conforming Changes" means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of "Alternate Base Rate," the definition of "Business Day," the definition of "Interest Period," timing and frequency of determining rates and making payments of interest, timing of borrowing requests or prepayment, conversion or continuation notices, length of lookback periods, the applicability of breakage provisions, and other technical, administrative or operational matters) that the Administrative Agent (after consultation with the Required Lenders) decides may be appropriate to reflect the adoption and implementation of such Benchmark Replacement and to permit the administration thereof by the Administrative Agent in a manner substantially consistent with market practice (or, if the Administrative Agent (after consultation with the Required Lenders) decides that adoption of any portion of such market practice is not administratively feasible or if the Administrative Agent (after consultation with the Required Lenders) determines that no market practice for the administration of such Benchmark Replacement exists, in such other manner of administration as the Administrative Agent (after consultation with the Required Lenders) decides is reasonably necessary in connection with the administration of this Agreement and the other Loan Documents). The Required Lenders shall cooperate in good faith with the Administrative Agent so that the Administrative Agent may determine such Benchmark Replacement Conforming Changes.

"Benchmark Replacement Date" means the earliest to occur of the following events with respect to the then-current Benchmark:

(1) in the case of clause (1) or (2) of the definition of "Benchmark Transition Event," the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of such Benchmark (or the published component used in the calculation thereof) permanently or indefinitely ceases to provide all Available Tenors of such Benchmark (or such component thereof);

(2) in the case of clause (3) of the definition of "Benchmark Transition Event," the date of the public statement or publication of information referenced therein; or

(3) in the case of an Early Opt-in Election, (y) so long as the Initial Lender is a Lender, the sixth (6^{th}) Business Day after the date notice of such Early Opt-in Election is provided to the Administrative Agent and (z) otherwise, the sixth (6th) Business Day after the date notice of such Early Opt-in Election is provided to the Administrative Agent, so long as the Administrative Agent has not received, by 5:00 p.m. (New York City time) on the fifth (5th) Business Day after the date notice of such Early Opt-in Election is provided to the Lenders, written notice of objection to such Early Opt-in Election from Lenders comprising the Required Lenders.

For the avoidance of doubt, (i) if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination and (ii) the "Benchmark Replacement Date" will be deemed to have occurred in the case of clause (1) or (2) with respect to any Benchmark upon the occurrence of the applicable event or events set forth therein with respect to all then-current Available Tenors of such Benchmark (or the published component used in the calculation thereof).

"Benchmark Transition Event" means the occurrence of one or more of the following events with respect to the then-current Benchmark:

(1) a public statement or publication of information by or on behalf of the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that such administrator has ceased or will cease to provide all Available Tenors of such

Benchmark (or such component thereof), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof);

(2) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof), the Federal Reserve Board, the Federal Reserve Bank of New York, an insolvency official with jurisdiction over the administrator for such Benchmark (or such component), a resolution authority with jurisdiction over the administrator for such Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for such Benchmark (or such component), which states that the administrator of such Benchmark (or such component) has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof); or

(3) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that all Available Tenors of such Benchmark (or such component thereof) are no longer representative.

For the avoidance of doubt, a "Benchmark Transition Event" will be deemed to have occurred with respect to any Benchmark if a public statement or publication of information set forth above has occurred with respect to each then-current Available Tenor of such Benchmark (or the published component used in the calculation thereof).

"Benchmark Unavailability Period" means the period (if any) (x) beginning at the time that a Benchmark Replacement Date pursuant to clauses (1) or (2) of that definition has occurred if, at such time, no Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under any Loan Document in accordance with Section 2.10 and (y) ending at the time that a Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under any Loan Document in accordance with Section 2.10.

"Beneficial Owner" has 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.

"Beneficial Ownership Certification" means a certification regarding beneficial ownership as required by the Beneficial Ownership Regulation.

"Beneficial Ownership Regulation" means 31 C.F.R. § 1010.230.

"Blocked Account" means a deposit account in the name of a Credit Party noted as a Blocked Account on Schedule 2.1 (as supplemented from time to time) of the Pledge and Security Agreement that is, or is otherwise required under the terms thereof to be, subject to an agreement, in form and substance satisfactory to the Appropriate Party, establishing Control (as defined in the Pledge and Security Agreement) of such account by the Collateral Agent, and any replacement account thereof.

"Borrower" has the meaning specified in introductory paragraph hereof.

"Borrower Materials" has the meaning specified in Section 11.01(e).

"Borrowing" means a borrowing of Loans.

"Borrowing Request" means a request for a Borrowing in substantially the form of Exhibit E or any other form approved by the Administrative Agent.

"Business Day" means any day on which Treasury and the Federal Reserve Bank of New York are both open for business that is not a Saturday, Sunday or other day that is a legal holiday under the laws of the State of New York or is a day on which banking institutions in such state are authorized or required by Law to close; provided that, when used in connection with a Loan, the term "Business Day" means any such day that is also a day on which dealings in Dollar deposits are conducted by and between banks in the London interbank market.

"Capital Markets Offering" means 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 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(a)(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).

"Capitalized Lease Obligations" means, at the time any determination thereof is to be made, the amount of the liability in respect of a Capitalized Lease that would at such time be required to be capitalized and reflected as a liability on a balance sheet (excluding the footnotes thereto) prepared in accordance with GAAP; provided that all leases of such Person that are or would have been treated as operating leases for purposes of GAAP prior to the issuance of the ASU shall continue to be accounted for as operating leases for purposes of all financial definitions and calculations for purposes of this Agreement (whether or not such operating lease obligations were in effect on such date) notwithstanding the fact that such obligations are required in accordance with the ASU (on a prospective or retroactive basis or otherwise) to be treated as capitalized lease obligations for other purposes.

"Capitalized Leases" means all leases that have been or should be, in accordance with GAAP as in effect on the Closing Date, recorded as capitalized leases; provided that for all purposes hereunder the amount of obligations under any Capitalized Lease shall be the amount thereof accounted for as a liability in accordance with GAAP; provided, further, that all leases of such Person that are or would have been treated as operating leases for purposes of GAAP prior to the issuance of the ASU shall continue to be accounted for as operating leases for purposes of all financial definitions and calculations for purposes of this Agreement (whether or not such operating lease obligations were in effect on such date) notwithstanding the fact that such obligations are required in accordance with the ASU (on a prospective or retroactive basis or otherwise) to be treated as capitalized lease obligations for other purposes.

"CARES Act" has the meaning specified in the preamble to this Agreement.

"Carrier Collateral Loyalty Programs" means the Loyalty Programs listed on Schedule 1.01(b) and any other Loyalty Program that is operated within the United States under a Trademark owned by any Credit Party, or that is otherwise operated, owned or controlled, directly or indirectly by, or principally associated with, any Credit Party or any of its Affiliates, as such program may be in effect from time to time, but in each case only as directed to members of such program residing in the United States, and in each case whether now existing or established, arising or acquired in the future and

including any successor program of such program. The term "Carrier Collateral Loyalty Program" shall include the provision, operation and promotion of such program and exclude the Excluded Collateral Programs.

"Carrier Loyalty Programs" means the Loyalty Programs listed on Schedule 1.01(a) and any other Loyalty Program that is operated under a Trademark owned by any Credit Party, or that is otherwise operated, owned or controlled, directly or indirectly by, or principally associated with, any Credit Party or any of its Affiliates, as such program may be in effect from time to time, in each case whether now existing or established, arising or acquired in the future and including any successor program of such program. The term "Carrier Loyalty Program" shall include the provision, operation and promotion of such program and exclude the Excluded Collateral Programs and their foreign counterparts that are operated under the same Trademarks as the Excluded Collateral Programs.

"Cash Equivalents" means:

(a) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America (or by any agency thereof to the extent such obligations are backed by the full faith and credit of the United States of America), in each case maturing within one year from the date of acquisition thereof;

(b) investments in commercial paper maturing within one year from the date of acquisition thereof and having, at such date of acquisition, a rating of at least A-2 from S&P or at least P-2 from Moody's;

(c) investments in certificates of deposit, banker's acceptances and time deposits maturing within one year from the date of acquisition thereof issued or guaranteed by or placed with, and money market deposit accounts issued or offered by, any domestic office of any commercial bank organized under the laws of the United States of America or any State thereof that has a combined capital and surplus and undivided profits of not less than $250,000,000;

(d) money market funds that (i) comply with the criteria set forth in SEC Rule 2a-7 under the Investment Company Act of 1940, (ii) are rated AAA and Aaa (or equivalent rating) by at least two Credit Rating Agencies and (iii) have portfolio assets of at least $5,000,000,000;

(e) deposits available for withdrawal on demand with commercial banks organized in the United States having capital and surplus in excess of $100,000,000; and

(f) other short-term liquid investments held by the Parent and the Subsidiaries as of the Closing Date in accordance with their normal investment policies and practices for cash management.

"CCR Certificate" has the meaning specified in Section 6.17(b).

"CCR Certificate Delivery Date" has the meaning specified in Section 6.17(b).

"CCR Reference Date" has the meaning specified in Section 6.17(b).

"CFC" means a controlled foreign corporation within the meaning of Section 957 of the Code.

"CFC Holdco" means any Domestic Subsidiary that has no material assets other than Equity Interests of one or more Foreign Subsidiaries that are CFCs.

"Change in Law" means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; provided that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives 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 III, shall in each case be deemed to be a "Change in Law", regardless of the date enacted, adopted or issued.

"Change of Control" means the occurrence of any of the following: (a) the sale, lease, 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 the Borrower and its Subsidiaries, or if the Borrower is a direct or indirect Subsidiary of the Parent, the Parent 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)); (b) 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 the Borrower or the Parent, as applicable, (measured by voting power rather than number of shares), other than (i) any such transaction where the Voting Stock of the Borrower or the Parent, as applicable, (measured by voting power rather than number of shares) outstanding immediately prior to such transaction constitutes or is converted into or exchanged for at least a majority of the outstanding shares of the Voting Stock of such Beneficial Owner (measured by voting power rather than number of shares), or (ii) the consummation of any merger or consolidation of the Borrower or the Parent, as applicable, 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, 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); (c) if the Borrower is a direct or indirect Subsidiary of the Parent, the Parent ceasing to own, directly or indirectly, 100% of the Equity Interests of the Borrower; (d) the adoption of a plan relating to the liquidation or dissolution of the Borrower or the Parent or (e) the occurrence of a "change of control", "change in control" or similar event under any Material Indebtedness of the Borrower, the Parent or any parent entity of the foregoing.

"Closing Date" means the first date all the conditions precedent in Section 4.01 are satisfied.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Collateral" has the meaning assigned to such term in the Pledge and Security Agreement.

"Collateral Account" means any of the Collection Account, the Blocked Account, the Payment Account and the Collateral Proceeds Account.

"Collateral Agent" means The Bank of New York Mellon, in its capacity as collateral agent under any of the Loan Documents, or any successor collateral agent.

"Collateral Cash Flow" means the funds that are deposited into a Collateral Account pursuant to the Direct Agreements or directly by a Credit Party.

"Collateral Coverage Ratio" means, as of any date of determination, the ratio of (i) the Appraised Value of the Eligible Collateral as of the date of the Appraisal most recently delivered pursuant to Section 5.16 (or in the case of cash and Cash Equivalents, as of such date of determination) to (ii) the aggregate principal amount of all Loans and Commitments outstanding as of such date; provided that for the purposes of calculating clause (i) above, (x) no more than 25% of the Appraised Value of the Eligible Collateral may correspond to ground support equipment and (y) any amounts held in the Blocked Account, Payment Account and Collateral Proceeds Account shall not be included; provided further that for the purposes of calculating clause (i) above, Loyalty Program Assets (other than any Loyalty Subscription Program) shall not be included unless (x) each Material Loyalty Program Agreement has and (y) Loyalty Program Agreements representing 90% of Loyalty Program Revenues (excluding revenues generated under any Loyalty Subscription Program) in the aggregate over the immediately preceding twelve (12) calendar month period then ended have, in each case, an expiration date that is at least six (6) months after the Maturity Date.

"Collateral Proceeds Account" means a deposit account in the name of the Borrower that is subject to an agreement in form and substance satisfactory to the Appropriate Party establishing Control (as defined in the Pledge and Security Agreement) of such account by the Collateral Agent.

"Collection Account" means that certain concentration account at Citibank, N.A. in the name of a Credit Party, and any replacement account, which, in each case, must be a segregated deposit account and subject at all times to an account control agreement in form and substance satisfactory to the Appropriate Party.

"Commitment" means the commitment of the Initial Lender to make Loans in the amount of $5,477,000,000, as such commitment may be reduced or terminated pursuant to Section 2.07.

"Communications" has the meaning specified in Section 11.01(d)(ii).

"Competitor" means (i) any Person operating an Air Carrier or a commercial passenger air carrier business and (ii) any Affiliate of any Person described in clause (i) (other than any Affiliate of such Person as a result of common control by a Governmental Authority or instrumentality thereof and any Affiliate of such Person under common control with such Person which Affiliate is not actively involved in the management and/or operations of such Person).

"Connection Income Taxes" means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

"Contingent Payment Event" means any indemnity, termination payment or liquidated damages under a Loyalty Program Agreement.

"Contractual Obligation" means, as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" have meanings analogous thereto.

"Convertible Indebtedness" means Indebtedness of the Parent that is convertible into common Equity Interests of the Parent (and cash in lieu of fractional shares) and/or cash (in an amount determined by reference to the price of such common Equity Interests).

"Corresponding Tenor" with respect to any Available Tenor means, as applicable, either a tenor (including overnight) or an interest payment period having approximately the same length (disregarding business day adjustment) as such Available Tenor.

"Credit Parties" means the Borrower and the Guarantors.

"Credit Rating" means a rating as determined by a Credit Rating Agency of the Parent's non-credit-enhanced, senior unsecured long-term indebtedness.

"Credit Rating Agency" means a nationally recognized credit rating agency that evaluates the financial condition of issuers of debt instruments and then assigns a rating that reflects its assessment of the issuer's ability to make debt payments.

"Currency" means miles, points or other units that are a medium of exchange constituting a convertible, virtual and private currency that is tradable property and that can be sold or issued to Persons, incorporated in the United States or residing in the United States, or that are otherwise members of a Loyalty Program, even if the Currency is spent by such members outside of the United States, provided that for purposes of the "Carrier Loyalty Program" definition, the definition of "Currency" shall not include the phrase "incorporated in the United States or residing in the United States" and the definition of "Loyalty Program Member" shall not include the phrase "residing in the United States."

"Daily Simple SOFR" means, for any day, SOFR, with the conventions for this rate (which will include a lookback) being established by the Required Lenders in accordance with the conventions for this rate selected or recommended by the Relevant Governmental Body for determining "Daily Simple SOFR" for business loans; provided, that if the Administrative Agent decides that any such convention is not administratively feasible for the Administrative Agent, then the Required Lenders may establish another convention in its reasonable discretion, subject to the determination by the Administrative Agent of the administrative feasibility of such convention.

"Debt Service Amount" means, as of any DSCR Determination Date or any other date of determination, the sum of all accrued interest on the Loans and any other Indebtedness secured by Liens on the Collateral in respect of the most recently ended DSCR Test Period.

"Debt Service Coverage Ratio" means, as of any DSCR Determination Date or any other date of determination, the ratio of (a) the aggregate amount of Collateral Cash Flow received during the relevant DSCR Test Period that has been deposited into a Collateral Account (and for the avoidance of doubt, excluding any amounts on deposit in a Collateral Account in respect of prior periods) to (b) the Debt Service Amount for such DSCR Test Period; provided, however, that for (i) the first calendar quarter ending after the Closing Date, such ratio shall be calculated for the one calendar quarter ending on such date, (ii) the second calendar quarter ending after the Closing Date, such ratio shall be calculated for the two calendar quarters ending on such date and (iii) the third calendar quarter ending after the Closing Date, such ratio shall be calculated for the three calendar quarters ending on such date.

"Debtor Relief Laws" means the Bankruptcy Code of the United States of America, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect.

"Default" means any event or condition that constitutes an Event of Default or that, with the giving of any notice, the passage of time, or both, would be an Event of Default.

"Default Rate" means an interest rate (before as well as after judgment) equal to the applicable interest rate plus 2.00% per annum.

"Direct Agreements" means those certain Loyalty Partner Direct Agreements entered into by and among the applicable Credit Party, the Collateral Agent, the Initial Lender and the applicable counterparty to the Material Loyalty Program Agreements, substantially in the form of Exhibit D hereto.

"Disposition" or "Dispose" means the sale, transfer (including through a plan of division), license, lease or other disposition of any property by any Person (including (i) any sale and leaseback transaction, any issuance of Equity Interests by a Subsidiary of such Person, (ii) with respect to Intellectual Property, any covenant not to sue, release, abandonment, lapse, forfeiture, dedication to the public or other similar disposition of Intellectual Property and (iii) with respect to any Personal Data, any deletion, de-identification, purging or other similar disposition of Personal Data), including any sale, assignment, transfer or other disposal, with or without recourse, of any notes or accounts receivable or any rights and claims associated therewith.

"Disqualified Equity Interest" means any Equity Interest that, by its terms (or the terms of any security or other Equity Interests into which it is convertible or for which it is exchangeable), or upon the happening of any event or condition (a) matures or is mandatorily redeemable (other than solely for Equity Interests that are not Disqualified Equity Interests), pursuant to a sinking fund obligation or otherwise (except as a result of a change of control or asset sale so long as any rights of the holders thereof upon the occurrence of a change of control or asset sale event shall be subject to the prior repayment in full of the Loans and all other Obligations that are accrued and payable and the termination of the Commitments), (b) is redeemable at the option of the holder thereof, in whole or in part, (c) provides for scheduled payments of dividends in cash, or (d) is or becomes convertible into or exchangeable for Indebtedness or any other Equity Interests that would constitute Disqualified Equity Interests, in each case, prior to the date that is ninety-one (91) days after the Maturity Date; provided that if such Equity Interests are issued pursuant to a plan for the benefit of employees of the Parent or any Subsidiary or by any such plan to such employees, such Equity Interests shall not constitute Disqualified Equity Interests solely because they may be required to be repurchased by the Parent or its Subsidiaries in order to satisfy applicable statutory or regulatory obligations or as a result of such employee's termination, death or disability.

"Dollar" and "$" mean lawful money of the United States.

"Domestic Subsidiary" means any Subsidiary that is organized under the Laws of the United States of America, any state thereof, or the District of Columbia.

"DOT" means the U.S. Department of Transportation.

"DSCR Determination Date" means the fifth Business Day following the last day of each March, June, September and December (beginning with December 2020).

"DSCR Test Period" means, at any DSCR Determination Date or other date of determination, the period of twelve (12) calendar months ending on the last day of the calendar month ending immediately prior to such date.

"DSCR Trigger Event" has the meaning specified in Section 6.17(c)(ii).

"Early Opt-in Election" means, if the then-current Benchmark is USD LIBO Rate, the occurrence of:

(1) (x) so long as the Initial Lender is a Lender, the Initial Lender and (y) otherwise, the Required Lenders, in each case notifying to the Administrative Agent that the Initial Lender or the Required Lenders have determined that at least five currently outstanding U.S. dollar-denominated syndicated credit facilities at such time contain (as a result of amendment or as originally executed) a SOFR-based rate (including SOFR, a term SOFR or any other rate based upon SOFR) as a benchmark rate (and such syndicated credit facilities are identified in such notice and are publicly available for review), and

(2) (x) so long as the Initial Lender is a Lender, the election by the Initial Lender and (y) otherwise, the joint election by the Required Lenders and the Borrower to trigger a fallback from USD LIBO Rate and, in each case, the provision to the Administrative Agent and the other Lenders of written notice of such election.

"EEA Financial Institution" means (a) any credit institution or investment firm established in any EEA Member Country that is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country that is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country that 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 Appraiser" means (a) with respect to aircraft or engines: Morten Beyer & Agnew, International Bureau of Aviation, Ascend Worldwide Group, ICF International Inc., BK Associates, Inc., Aircraft Information Services Inc., AVITAS, Inc., PAC Appraisal Inc., Aviation Specialists Group, Aviation Asset Management Inc. or IBA Group Ltd., (b) with respect to slots, gates or routes: Morten Beyer & Agnew, ICF International Inc., PAC Appraisal Inc. or BK Associates, Inc., (c) with respect to parts, Morten Beyer & Agnew, ICF International Inc., Sage-Popovich, Inc., PAC Appraisal Inc., Aviation Asset Management Inc. or Alton Aviation Consultancy LLC, (d) with respect to any other type of property, Deloitte & Touche LLP, Andersen Tax LLC, BBC Aviation Enterprises Aviation Advisors Group, LLC, PricewaterhouseCoopers, CBRE Group Inc. and Jones Lang LaSalle Incorporated, and (e) any independent appraisal firm appointed by the Borrower and acceptable to the Appropriate Party.

"Eligible Assignee" means any Person that meets the requirements to be an assignee under Section 11.04(b)(iii), 11.04(b)(v) and 11.04(b)11.04(b)(vi) (subject to such consents, if any, as may be required under Section 11.04(b)(iii)); provided that no Competitor shall be an Eligible Assignee.

"Eligible Collateral" means, as of any date, all Collateral on which the Collateral Agent has, as of such date, to the extent purported to be created by the applicable Security Document, a valid and perfected first priority Lien and/or mortgage (or comparable Lien) for the benefit of the Secured Parties and which is otherwise subject only to Permitted Liens and satisfies the requirements set out in the Loan Documents for such type of Collateral.

"Environmental Laws" means any and all federal, state, local, and foreign statutes, Laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions, including all common law, relating to pollution or the protection of health, safety or the environment or the release of any materials into the environment, including those related to Hazardous Materials, air emissions, discharges to waste or public systems and health and safety matters.

"Environmental Liability" means any liability or obligation, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), directly or indirectly, resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment, disposal or permitting or arranging for the disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"Equity Interests" means, as to any Person, all of the shares of capital stock of (or other ownership or profit interests in) such Person, all of the warrants, options or other rights for the purchase or acquisition from such Person of shares of capital stock of (or other ownership or profit interests in) such Person, all of the securities convertible into or exchangeable for shares of capital stock of (or other ownership or profit interests in) such Person or warrants, rights or options for the purchase or acquisition from such Person of such shares (or such other interests), and all of the other ownership or profit interests in such Person (including partnership, member or trust interests therein), whether voting or nonvoting, and whether or not such shares, warrants, options, rights or other interests are outstanding on any date of determination (other than Convertible Indebtedness or any other debt security that is convertible into or exchangeable for Equity Interests of such Person and the Warrants).

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and the rules and regulations promulgated thereunder.

"ERISA Affiliate" means any trade or business (whether or not incorporated) under common control with any Credit Party within the meaning of Section 414(b) or (c) of the Code (and Sections 414(m) and (o) of the Code for purposes of provisions relating to Section 412 of the Code or Section 302 of ERISA).

"ERISA Event" means (a) a Reportable Event with respect to a Pension Plan; (b) the failure by any Credit Party or any ERISA Affiliate to meet all applicable requirements under the Pension Funding Rules or the filing of an application for the waiver of the minimum funding standards under the Pension Funding Rules; (c) the incurrence by any Credit Party or any ERISA Affiliate of any liability pursuant to Section 4063 or 4064 of ERISA or a cessation of operations with respect to a Pension Plan within the meaning of Section 4062(e) of ERISA; (d) a complete or partial withdrawal by any Credit Party or any ERISA Affiliate from a Multiemployer Plan or notification that a Multiemployer Plan is in reorganization or insolvent (within the meaning of Title IV of ERISA); (e) the filing of a notice of intent

to terminate a Pension Plan under, or the treatment of a Pension Plan amendment as a termination under, Section 4041 of ERISA; (f) the institution by the PBGC of proceedings to terminate a Pension Plan; (g) any event or condition that constitutes grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan; (h) the determination that any Pension Plan is in at-risk status (within the meaning of Section 430 of the Code or Section 303 of ERISA) or that a Multiemployer Plan is in endangered or critical status (within the meaning of Section 432 of the Code or Section 305 of ERISA); (i) the imposition or incurrence of any liability under Title IV of ERISA, other than for PBGC premiums due but not delinquent under Section 4007 of ERISA, upon any Credit Party or any ERISA Affiliate; (j) the engagement by any Credit Party or any ERISA Affiliate in a transaction that could be subject to Section 4069 or Section 4212(c) of ERISA; (k) the imposition of a lien upon any Credit Party pursuant to Section 430(k) of the Code or Section 303(k) of ERISA; or (l) the making of an amendment to a Pension Plan that could result in the posting of bond or security under Section 436(f)(1) of the Code.

"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.

"Eurodollar Reserve Percentage" means, for any day during any Interest Period, the reserve percentage in effect on such day, whether or not applicable to any Lender, under regulations issued from time to time by the Federal Reserve Board for determining the maximum reserve requirement (including any emergency, special, supplemental or other marginal reserve requirement) with respect to eurocurrency funding (currently referred to as "Eurocurrency liabilities" in Regulation D). The Adjusted LIBO Rate for each outstanding Loan shall be adjusted automatically as of the effective date of any change in the Eurodollar Reserve Percentage.

"Event of Default" has the meaning specified in Article VII.

"Excluded Assets" has the meaning assigned to such term in the Pledge and Security Agreement.

"Excluded Closing Date Program" means any Loyalty Program that is operated within the United States under a Trademark owned by any Credit Party, or that is otherwise operated, owned or controlled, directly or indirectly by, or principally associated with, any Credit Party or any of its Affiliates, in each case existing or established as of the Closing Date that generated less than seventy five million dollars ($75,000,000) in revenue in the twelve (12) month period immediately preceding the Closing Date, in each case other than any Loyalty Program that is operated under any Trademark that is set forth on Schedule 2.1 of the Pledge and Security Agreement or a Licensed Trademark.

"Excluded Collateral Programs" means, at any given date, all Excluded Closing Date Programs that both individually and in the aggregate with all other Excluded Closing Date Programs generated less than seventy five million dollars ($75,000,000) in revenue in the twelve (12) month period immediately preceding such date.

"Excluded Subsidiary" means any Subsidiary of the Parent (other than the Borrower) that (i) is not wholly-owned, directly or indirectly, by the Parent, (ii) is a captive insurance company, (iii) is an Immaterial Subsidiary, (iv) is a Receivables Subsidiary or (v) is a Foreign Subsidiary or a CFC Holdco existing on the Closing Date; provided that, notwithstanding the foregoing, (1) a Subsidiary will not be an Excluded Subsidiary if it (x) owns assets of the type that would be included in the Collateral, (y) owns individually, or in the aggregate with other Subsidiaries (including any Subsidiary that would otherwise qualify as an Excluded Subsidiary), a majority of the Equity Interests of any Subsidiary that owns any assets of the type that would be included in the Collateral or is party to any agreements that constitute (or would constitute) Collateral or (z) guarantees Material Indebtedness of the Parent or any of its

Subsidiaries (other than any acquired Subsidiary that guarantees assumed Indebtedness of a Person acquired pursuant to an acquisition permitted under this Agreement that is existing at the time of such acquisition or investment; provided that such Indebtedness was not created in contemplation of or in connection with such acquisition and the amount of such Indebtedness is not increased) and (2) Regional Affiliates shall be Excluded Subsidiaries.

"Excluded Taxes" means any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender, U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Loan pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Loans (other than pursuant to an assignment request by the Borrower under Section 2.19(b)) or (ii) such Lender changes its lending office, except in each case to the extent that, pursuant to Section 2.16, amounts with respect to such Taxes were payable either to such Lender's assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its lending office, (c) Taxes attributable to such Recipient's failure to comply with Section 2.16(g) and (d) any withholding Taxes imposed under FATCA.

"Export Control Laws" means any applicable export control Laws including the International Traffic in Arms Regulations (22 C.F.R. 120 et seq.) and the Export Administration Regulations (15 C.F.R. 730 et seq.).

"FAA" means the United States Federal Aviation Administration and any successor thereto.

"FATCA" means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, 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, treaty or convention among Governmental Authorities and implementing such Sections of the Code.

"FCPA" has the meaning specified in Section 3.15(b).

"Federal Funds Effective Rate" means, for any day, the greater of (a) the rate calculated by the Federal Reserve Bank of New York based on such day's Federal funds transactions by depositary 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 and (b) 0%.

"Federal Reserve Board" means the Board of Governors of the Federal Reserve System of the United States.

"Finance Entity" means any Person created or formed by or at the direction of the Parent or any of its Subsidiaries for the purpose of financing aircraft and aircraft related assets and related pre-delivery payment obligations of the Parent or such Subsidiaries that; provided, that, such (i) Person holds no material assets other than the aircraft or aircraft related assets to be financed or assets pursuant to which related pre-delivery payment obligations arise, (ii) financing is in the ordinary course of business of

the Parent and its Subsidiaries or otherwise customary for airlines based in the United States and (iii) Person holds no assets constituting, or otherwise intended to be included in, Collateral.

"Financial Officer" means, as to any Person, the chief financial officer, principal accounting officer, treasurer or controller of such Person.

"Fitch" means Fitch Ratings and any successor to its rating agency business.

"Floor" means the benchmark rate floor, if any, provided in this Agreement initially (as of the execution of this Agreement, the modification, amendment or renewal of this Agreement or otherwise) with respect to USD LIBO Rate. As of the Closing Date, the Floor shall be 0%.

"Foreign Lender" means any Lender that is not a U.S. Person.

"Foreign Plan" means any employee pension benefit plan, program, policy, arrangement or agreement maintained or contributed to by the Parent or any Subsidiary with respect to employees employed outside the United States (other than any governmental arrangement).

"Foreign Subsidiary" means any Subsidiary that is not a Domestic Subsidiary.

"Fund" means any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans, bonds and similar extensions of credit in the ordinary course of its activities.

"GAAP" means, subject to Section 1.03, United States generally accepted accounting principles as in effect from time to time; provided that if at any time any change in GAAP would affect the computation of any financial ratio or financial requirement, or compliance with any covenant, set forth in any Loan Document, the Required Lenders and the Borrower will negotiate in good faith to amend such ratio, requirement or covenant to preserve the original intent thereof in light of such change in GAAP (subject to the approval of the Required Lenders); provided that until so amended, (a) such ratio, requirement or covenant will continue to be computed in accordance with GAAP prior to such change therein and (b) the Borrower will provide to the Administrative Agent and the Lenders reconciliation statements to the extent requested.

"Gate Leasehold" has the meaning assigned to such term in the Pledge and Security Agreement.

"Governmental Authority" means the government of the United States of America or any other nation, or of any political subdivision thereof, whether state or local, 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 (including any supra-national bodies such as the European Union or the European Central Bank).

"Guarantee" means, as to any Person, (a) any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation payable or performable by another Person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation, (ii) to purchase or lease property, securities or services for the purpose of assuring the obligee in respect of such Indebtedness or other obligation of the payment or performance of such Indebtedness or other obligation, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity or level of income or cash flow of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation or (iv) entered into for the purpose of assuring in any other manner the

obligee in respect of such Indebtedness or other obligation of the payment or performance thereof or to protect such obligee against loss in respect thereof (in whole or in part) or (b) any Lien on any assets of such Person securing any Indebtedness or other obligation of any other Person, whether or not such Indebtedness or other obligation is assumed by such Person (or any right, contingent or otherwise, of any holder of such Indebtedness to obtain any such Lien); provided that the term "Guarantee" shall not include endorsements for collection or deposit in the ordinary course of business. The amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the related primary obligation, or portion thereof, in respect of which such Guarantee is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by the guaranteeing Person in good faith. The term "Guarantee" as a verb has a corresponding meaning.

"Guaranteed Obligations" has the meaning specified in Section 9.01.

"Guarantor" means the Parent and each other Guarantor listed on the signature page to this Agreement and any other Person that Guarantees the Obligations under this Agreement and any other Loan Document.

"Hazardous Materials" means all explosive or 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 other substances or wastes of any nature regulated under or with respect to which liability or standards of conduct are imposed pursuant to any Environmental Law.

"Immaterial Subsidiaries" means one or more Subsidiaries, for which (a) the assets of all such Subsidiaries constitute, in the aggregate, no more than 7.50% of the total assets of the Parent and its Subsidiaries on a consolidated basis (determined as of the last day of the most recent fiscal quarter of Parent for which financial statements are available), and (b) the revenues of all such Subsidiaries account for, in the aggregate, no more than 7.50% of the total revenues of the Parent and its Subsidiaries on a consolidated basis for the four (4) fiscal quarter period ending on the last day of the most recent fiscal quarter of Parent for which financial statements are available; provided that (x) a Subsidiary will not be an Immaterial Subsidiary if it (i) directly or indirectly guarantees, or pledges any property or assets to secure, any Obligations, (ii) owns any assets of the type that are intended to be included in the Collateral or is party to any agreements that constitute (or would constitute) Collateral or (iii) owns a majority of the Equity Interests of any Subsidiary that owns any assets of the type that are intended to be included in the Collateral or is party to any agreements that constitute (or would constitute) Collateral and (y) the Borrower shall not be an Immaterial Subsidiary.

"Indebtedness" means, as to any Person at a particular time, without duplication, all of the following, whether or not included as indebtedness or liabilities in accordance with GAAP:

(a) all obligations of such Person for borrowed money and all obligations of such Person evidenced by bonds, debentures, notes, loan agreements or other similar instruments;

(b) all direct or contingent obligations of such Person arising under (i) letters of credit (including standby and commercial), bankers' acceptances and bank guaranties and (ii) surety bonds, performance bonds and similar instruments issued or created by or for the account of such Person;

(c) net obligations of such Person under any Swap Contract;

(d) all obligations of such Person to pay the deferred purchase price of property or services (other than trade accounts payable in the ordinary course of business);

(e) indebtedness (excluding prepaid interest thereon) secured by a Lien on property owned or being purchased by such Person (including indebtedness arising under conditional sales or other title retention agreements), whether or not such indebtedness shall have been assumed by such Person or is limited in recourse;

(f) all Attributable Indebtedness;

(g) all obligations of such Person in respect of Disqualified Equity Interests; and

(h) all Guarantees of such Person in respect of any of the foregoing.

For all purposes hereof, the Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture (other than a joint venture that is itself a corporation or limited liability company) in which such Person is a general partner or a joint venturer, unless such Indebtedness is expressly made non-recourse to such Person. The amount of any net obligation under any Swap Contract on any date shall be deemed to be the Swap Termination Value thereof as of such date. The amount of any Indebtedness of any Person for purposes of clause (e) that is expressly made non-recourse or limited-recourse (limited solely to the assets securing such Indebtedness) to such Person shall be deemed to be equal to the lesser of (i) the aggregate principal amount of such Indebtedness and (ii) the fair market value of the property encumbered thereby as determined by such Person in good faith.

"Indemnified Taxes" means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of the Borrower under any Loan Document and (b) to the extent not otherwise described in (a), Other Taxes.

"Indemnitee" has the meaning specified in Section 11.03(b).

"Information" has the meaning specified in Section 11.12.

"Initial Lender" means Treasury or its designees (but, for the avoidance of doubt, excluding any assignee of the Loans).

"Intellectual Property" has the meaning assigned to such term in the Pledge and Security Agreement.

"Interest Payment Date" means the first Business Day following the 14th day of each March, June, September and December (beginning with September 15, 2021), and the Maturity Date.

"Interest Period" means, as to any Borrowing, (a) for the initial Interest Period, the period commencing on the date of such Borrowing and ending on the next succeeding Interest Payment Date and (b) for each Interest Period thereafter, the period commencing on the last day of the next preceding Interest Period and ending on the next succeeding Interest Payment Date.

"International Registry" has the meaning assigned to such term in the Pledge and Security Agreement.

"Interpolated Rate" means, at any time, the rate per annum determined by the Administrative Agent (which determination shall be conclusive and binding absent manifest error) to be equal to the rate that results from interpolating on a linear basis between: (a) the rate as displayed on the Bloomberg "LIBOR01" screen page (or any successor or replacement screen on such service; in each case the "Screen Rate") for the longest period (for which that Screen Rate is available) that is shorter than three (3) months and (b) the Screen Rate for the shortest period (for which that Screen Rate is available)

that is equal to or exceeds three (3) months, in each case, at approximately 11:00 a.m., London time, two (2) Business Days prior to the commencement of such Interest Period.

"Investment" means, as to any Person, any direct or indirect acquisition or investment by such Person, whether by means of (a) the purchase or other acquisition of Equity Interests or debt or other securities of another Person, (b) a loan, advance or capital contribution to, Guarantee or assumption of debt of, or purchase or other acquisition of any other debt or equity participation or interest in, another Person, including any partnership or joint venture interest in such other Person and any arrangement pursuant to which the investor incurs Indebtedness of the type referred to in clause (h) of the definition of "Indebtedness" in respect of such other Person, or (c) the purchase or other acquisition (in one transaction or a series of transactions) of all or substantially all of the property and assets or business of another Person or assets constituting a business unit, line of business or division of such Person. For purposes of covenant compliance, the amount of any Investment shall be the amount actually invested, without adjustment for subsequent increases or decreases in the value of such Investment but giving effect to any returns or distributions of capital or repayment of principal actually received in case by such Person with respect thereto.

"IP Licenses" has the meaning assigned to such term in the Pledge and Security Agreement.

"IRS" means the United States Internal Revenue Service.

"ISDA Definitions" means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time by the International Swaps and Derivatives Association, Inc. or such successor thereto.

"IT Systems" has the meaning specified in Section 3.27.

"Laws" means, collectively, all international, foreign, federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

"Lenders" means the Initial Lender and any other Person that shall have become party hereto pursuant to an Assignment and Assumption, other than any such Person that ceases to be a party hereto pursuant to an Assignment and Assumption.

"LIBO Rate" means, the greater of (a) the rate appearing on the Bloomberg "LIBOR01" screen page (or any successor or replacement screen on such service) at approximately 11:00 a.m., London time, two (2) Business Days prior to the commencement of such Interest Period, as the rate for dollar deposits with a maturity of three (3) months; provided that (i) if such rate is not available at such time for any reason, then the "LIBO Rate" shall be the Interpolated Rate, and (ii) if the Interpolated Rate is not available (except as set forth in Section 2.10), the "LIBO Rate" shall be the LIBO Rate for the immediately preceding Interest Period, two (2) Business Days prior to the commencement of such Interest Period and (b) 0%.

"Lien" means any mortgage, pledge, hypothecation, collateral assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, any option or other agreement to sell or give a security interest in an asset, or preference, priority, or other security interest or preferential arrangement

of any kind or nature whatsoever (including any conditional sale or other title retention agreement, any easement, right of way or other encumbrance on title to real property, and any financing lease having substantially the same economic effect as any of the foregoing).

"Liquidity" means the sum of (i) all unrestricted cash and Cash Equivalents of Parent and its Subsidiaries, (ii) cash or Cash Equivalents of the Parent and its Subsidiaries restricted in favor of the Obligations or in connection with the Payroll Support Program Agreement (other than any amounts held in the Blocked Account, Payment Account and Collateral Proceeds Account), (iii) the aggregate principal amount committed and available to be drawn by the Parent and its Subsidiaries (taking into account all borrowing base limitations or other restrictions) under all revolving credit facilities of the Parent and its Subsidiaries, (iv) any remaining aggregate principal amount committed and available to be drawn (taking into account any applicable restrictions) by the Parent and its Subsidiaries in respect of the Loans and (v) the scheduled net proceeds (after giving effect to any expected repayment of existing Indebtedness using such proceeds) of any Capital Markets Offering of the Parent or any of its 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" means a loan made by a Lender to the Borrower pursuant to the Commitments under this Agreement.

"Loan Application Form" means the application form and any related materials submitted by the Borrower to the Initial Lender in connection with an application for the Loans under Division A, Title IV, Subtitle A of the CARES Act.

"Loan Documents" means, collectively, this Agreement, any Security Document, any promissory notes issued pursuant to Section 2.11(b) and any other documents entered into in connection herewith (including an Administrative Agency Fee Letter, if any).

"Loyalty Program" means (a) any frequent flyer program, co-branded card program or any other program (whether now existing or established, arising or acquired in the future) that grants members in such program or co-branded cardholders Currency based on such member's or co-branded cardholder's purchasing or other behavior and that entitles a member or co-branded cardholder to accrue, redeem or otherwise exploit such Currency for a benefit or reward, including flights, priority access, lounge or "club" access, discounts, upgrades (including in seat or class) or other goods or services or (b) any Loyalty Subscription Program.

"Loyalty Program Agreement" means each contract, agreement, transaction or other undertaking described on Schedule 1.01(c) and any other current or future contract, agreement, transaction or other undertaking between any Credit Party (or any of its Affiliates, as applicable) and a Loyalty Program Participant entered into connection with any Carrier Collateral Loyalty Program, including any card marketing agreement with respect to credit cards co-branded by a Credit Party and a Loyalty Program Participant and any card network agreement, and any amendment, supplement or modification thereto, but excluding all reciprocal passenger Currency accrual and redemption agreements with other Air Carriers.

"Loyalty Program Assets" has the meaning assigned to such term in the Pledge and Security Agreement.

"Loyalty Program Data" means all data (whether or not constituting Personal Data) Processed in connection with, or generated or produced in the course of the operation of, any Carrier Collateral Loyalty Program, but, with respect to Personal Data, solely to the extent Processed, generated or produced regarding Loyalty Program Members as Loyalty Program Members (including,

notwithstanding anything herein to the contrary, in connection with any activity by a Loyalty Program Member that occurs outside the United States in connection with any Carrier Collateral Loyalty Program), including all such data consisting of (a) a list of all Loyalty Program Members and (b) data concerning each Loyalty Program Member as a member of the Carrier Collateral Loyalty Program, including such Loyalty Program Member's (i) name, mailing address, email address, date of birth, gender and phone number and other identifiers, (ii) communication and promotion opt-ins and opt-outs, (iii) financial information and transaction histories, (iv) total miles and awards, (v) third-party engagement history and customer experience, (vi) accrual and redemption activity, (vii) member tier and status designations and member tier and status activity and qualifications, (viii) internet or network activity (including information regarding interaction with a website), (ix) profile preferences, (x) login information, (xi) Loyalty Program Member spend activity, (xii) geolocation data and (xiii) any inferences drawn or enrichments created from any of the foregoing. Loyalty Program Data also includes any Proceeds relating to any of the foregoing (other than any such Proceeds to the extent arising from a Credit Party's non-Carrier Collateral Loyalty Program operations). For the avoidance of doubt, the definition of "Loyalty Program Data" does not impose an obligation on any Credit Party to collect any data inconsistent with its past or current practices. Any reference in this definition of "Loyalty Program Data" to data concerning a "Loyalty Program Member" shall mean, with respect to an applicant that is a Loyalty Program Member, such data to the extent collected and retained in accordance with applicable Privacy Law and the Credit Parties' public-facing privacy policies in full force and effect at the time such data was collected by or on behalf of the Credit Parties.

"Loyalty Program Intellectual Property" has the meaning assigned to such term in the Pledge and Security Agreement.

"Loyalty Program Member" means, as of any date, any individual residing in the United States who is an applicant or member of any Carrier Collateral Loyalty Program (in each case, or a legal guardian of such applicant or member).

"Loyalty Program Participant" means (a) a financial institution or other Person that is a party to any card agreement with a Credit Party to offer credit cards to any Person incorporated in the United States or residing in the United States and/or to process transactions on such credit cards and (b) any other Person incorporated or organized and operating in the United States (other than other Air Carriers) (i) to which a Credit Party or any of its Affiliates sells, leases or otherwise transfers Currency in connection with any Carrier Collateral Loyalty Program, including co-branded card, hotel and car rental partners, (ii) that provides goods, services or other consideration to Loyalty Program Members in exchange for, or redemption of, Currency or (iii) that, in connection with the provision of goods, services or other consideration by such Person to Loyalty Program Members or the use of the services of such Person by Loyalty Program Members, such Person offers Currency to such Loyalty Program Members or provides any Credit Party (or any Affiliate thereof) with sufficient information so that such Credit Party (or any Affiliate thereof) may post Currency to such Loyalty Program Members' accounts.

"Loyalty Program Revenue" means all payments received by, or otherwise required to be paid to, the Credit Parties (and their Affiliates), and all other amounts the Credit Parties are entitled to, under the Loyalty Program Agreements and any Loyalty Subscription Program.

"Loyalty Revenue Advance Transaction" means (i) any Pre-paid Currency Purchase or (ii) any other transaction between any Credit Party and a counterparty to a Loyalty Program Agreement providing for the advance of cash that is expected to be paid from or set off against future payments otherwise required to be made by the counterparty to such Credit Party.

"Loyalty Subscription Program" means any program (whether now existing or established, arising or acquired in the future) that grants members in such program access to discounted goods or services in exchange for a periodic cash payment. The Loyalty Subscription Programs in existence as of the Closing Date are listed on Schedule 1.01(c) of this Agreement.

"Margin Stock" means margin stock within the meaning of Regulations T, U and X.

"Material Adverse Effect" means (a) a material adverse change in, or a material adverse effect on, the operations, business, properties, liabilities (actual or contingent), condition (financial or otherwise) or prospects of the Parent and its Subsidiaries taken as a whole; or (b) a material adverse effect on (i) the ability of the Borrower or any Credit Party to perform its Obligations, (ii) the legality, validity, binding effect or enforceability against the Borrower or any Credit Party of any Loan Document to which it is a party or the validity, perfection and first priority of the Liens on the Collateral in favor of the Collateral Agent taken as a whole or with respect to a substantial portion of the Collateral, (iii) the rights, remedies and benefits available to, or conferred upon, the Lenders or the Agents under any Loan Documents, (iv) the ability of the Borrower or any Credit Party to perform its obligations under any Material Loyalty Program Agreement, (v) the legality, validity, binding effect or enforceability against the Borrower or any Credit Party of any Material Loyalty Program Agreement or (vi) the business and operations of any Carrier Collateral Loyalty Program, in each case, taken as a whole; provided that the impacts of the COVID-19 disease outbreak will be disregarded for purposes of clauses (a) and (b)(vi) of this definition to the extent (i) publicly disclosed in any SEC filing of the Parent or otherwise provided to the Initial Lender prior to the Closing Date and (ii) the scope of such adverse effect is no greater than that which has been disclosed as of the Closing Date.

"Material Indebtedness" means Indebtedness of the Parent or any of its Subsidiaries (other than the Loans) outstanding under the same agreement in a principal amount exceeding $260,000,000.

"Material Loyalty Program Agreements" means (a) each Loyalty Program Agreement identified as a Material Loyalty Program Agreement as set forth on Schedule 1.01(c), as updated from time to time pursuant to the terms of the Pledge and Security Agreement and (b) any other Loyalty Program Agreements between a Credit Party and a Loyalty Program Participant such that, at all times, the Credit Parties have identified to Lender Loyalty Program Agreements then in full force and effect and generating not less than 90% of aggregate Loyalty Program Revenue (excluding revenues generated under any Loyalty Subscription Program).

"Material Modification" means any amendment or waiver of, or modification or supplement to, any term or condition of a Loyalty Program Agreement agreed to, executed or effected on or after the Closing Date, which:

(a) extends, waives, delays or contractually or structurally subordinates one or more payments due to any Credit Party with respect to such Loyalty Program Agreement;

(b) reduces the rate or amount of payments due to any Credit Party with respect to such Loyalty Program Agreement or reduces the frequency or timing of payments due to any Credit Party;

(c) gives any Person other than Credit Parties party to such Loyalty Program Agreement additional or improved termination rights with respect to such Loyalty Program Agreement;

(d) shortens the term of such Loyalty Program Agreement (other than in connection with the replacement of such Loyalty Program Agreement with another Loyalty Program Agreement on terms at least as favorable to the Lenders, as determined by the Appropriate Party in its reasonable discretion (or in the case of the Initial Lender, its sole discretion)) or expands or improves any counterparty's rights or remedies following a termination;

(e) limits, or requires or results in the limitation of (x) the right or ability of any Credit Party, any of its Affiliates, any of its or their successors or assigns or the Collateral Agent to, or to authorized others to, use, exploit, share or transfer the Loyalty Program Intellectual Property or the IP Licenses included in the Collateral (other than third-party Intellectual Property that ceases to be required or useful for the conduct of any Carrier Loyalty Program as currently conducted and as currently contemplated to be conducted) or (y) the right or ability of any Credit Party, any of its Affiliates, any of its or their successors or assigns or the Collateral Agent to, or to authorized others to, Process any Loyalty Program Data, including such amendment, waiver, modification or supplement that removes or narrows, or requires or results in the removal or narrowing of any disclosure to individuals existing as of the date hereof regarding the potential future transfer, sharing or disclosure of Loyalty Program Data, in each case other than pursuant to a change required under applicable Law; or

(f) imposes new financial obligations on any Credit Party under such Loyalty Program Agreement;

in each case, to the extent such amendment, waiver, modification or supplement would reasonably be expected to (1) be materially adverse to the Lenders or any Secured Party (as defined in the Pledge and Security Agreement) or (2) result in a Material Adverse Effect; provided that any amendment to a Loyalty Program Agreement that (i) shortens the scheduled maturity or term thereof (other than changes that are permitted under (d) above), (ii) amends, modifies or otherwise changes the calculation or rate of fees, expenses, guarantee payments or termination payments due and owing thereunder, including changes to interchange rates, in each case as defined in the applicable Loyalty Program Agreement and any other term related to the calculation of fees related to the purchase of the applicable Currency, and in a manner materially reducing the amount owed to the Credit Parties, (iii) changes the contractual subordination of payments thereunder in a manner materially adverse to the Lenders, reduces the frequency of payments thereunder or permits payments due to the applicable Credit Parties to be deposited to an account other than the Collection Account, (iv) changes the amendment standards applicable to such Loyalty Program Agreement in a manner that would reasonably be expected to result in a Material Adverse Effect, (v) materially impairs the rights of the Collateral Agent or the Initial Lender to enforce or consent to amendments to any provisions of a Loyalty Program Agreement in accordance therewith, or (vi) constitutes an action set forth in clause (e) shall be deemed to result in a Material Adverse Effect and shall be considered a Material Modification.

"Material Subsidiary" means any Subsidiary that is not an Immaterial Subsidiary.

"Maturity Date" means June 30, 2025; provided that to the extent either (x) any Material Loyalty Program Agreement (other than Material Loyalty Program Agreements that have been replaced as permitted under this Agreement) or (y) Loyalty Program Agreements representing 90% of Loyalty Program Revenues (excluding revenues generated under any Loyalty Subscription Program) in the aggregate over the immediately preceding twelve (12) calendar month period then ended, in each case,

expires prior to such date, the Maturity Date shall be the date that is six (6) months prior to the earliest such expiration date.

"Maximum Rate" has the meaning specified in Section 11.14.

"Moody's" means Moody's Investors Service, Inc. and any successor to its rating agency business.

"Multiemployer Plan" means any employee benefit plan of the type described in Section 4001(a)(3) of ERISA, to which any Credit Party or any ERISA Affiliate makes or is obligated to make contributions, during the preceding five (5) plan years has made or been obligated to make contributions, or has any liability.

"Multiple Employer Plan" means a Plan with respect to which any Credit Party or any ERISA Affiliate is a contributing sponsor, and that has two (2) or more contributing sponsors at least two (2) of whom are not under common control, as such a plan is described in Section 4064 of ERISA.

"Net Proceeds" means in connection with any Disposition, Recovery Event or Contingent Payment Event, the aggregate cash and Cash Equivalents received by the Parent or any of its Subsidiaries in respect of a Disposition of Collateral (including, without limitation, any cash or Cash Equivalents received in respect of or upon the Disposition of any non-cash consideration received in any such Disposition of Collateral) or Recovery Event or Contingent Payment Event, net of the direct costs and expenses relating to such Disposition and incurred by the Parent or a Subsidiary (including the sale or disposition of such non-cash consideration) or any such Recovery Event or Contingent Payment Event, including, without limitation, legal, accounting and investment banking fees, and sales commissions, and any relocation expenses incurred as a result of the Disposition, Recovery Event or Contingent Payment Event, taxes paid or reasonably estimated to be payable as a result of the Disposition, Recovery Event or Contingent Payment Event, in each case, after taking into account any available tax credits or deductions and any tax sharing arrangements.

"Non-Consenting Lender" means any Lender that does not approve any consent, waiver or amendment that (a) requires the approval of all or all affected Lenders in accordance with the terms of Section 11.02 and (b) has been approved by the Required Lenders.

"Note" means the promissory note executed by the Borrower pursuant to Section 2.11(b).

"Obligations" means all advances to, and debts, liabilities, obligations, covenants and duties of, each Credit Party arising under any Loan Document or otherwise with respect to any Loan, whether direct or indirect (including those acquired by assumption), absolute or contingent, due or required to be performed, or to become due or to be performed, now existing or hereafter arising and including interest and fees that accrue after the commencement by or against any Credit Party or any Affiliate thereof of any proceeding under any Debtor Relief Laws naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding. Without limiting the foregoing, the Obligations include (a) the obligation to pay principal, interest, charges, expenses, fees, indemnities and other amounts payable by the Borrower or any other Credit Party under any Loan Document, (b) the obligation of any Credit Party to reimburse any amount in respect of any of the foregoing that the Lenders, in each case in their sole discretion, may elect to pay or advance on behalf of any Credit Party and (c) the obligation of any Credit Party or any of its Subsidiaries to take any action or refrain from taking any action as required by the covenants and other provisions contained in this Agreement and any other Loan Document.

"Obligee Guarantor" has the meaning specified in Section 9.06.

"Organizational Documents" means (a) as to any corporation, the charter or certificate or articles of incorporation and the bylaws (or equivalent or comparable constitutive documents with respect to any non-U.S. jurisdiction), (b) as to any limited liability company, the certificate or articles of formation or organization and operating or limited liability agreement and (c) as to any partnership, joint venture, trust or other form of business entity, the partnership, joint venture or other applicable agreement of formation or organization and any agreement, instrument, filing or notice with respect thereto filed in connection with its formation or organization with the applicable Governmental Authority in the jurisdiction of its formation or organization and, if applicable, any certificate or articles of formation or organization of such entity.

"Other Connection Taxes" means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in the Loans or Loan Document).

"Other Taxes" means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 2.19(b)).

"Outstanding Amount" means, with respect to Loans on any date, the aggregate outstanding principal amount thereof after giving effect to any borrowings and prepayments or repayments of Loans occurring on such date.

"Parent" has the meaning specified in introductory paragraph hereof.

"Participant" has the meaning specified in Section 11.04(d).

"Participant Register" has the meaning specified in Section 11.04(d).

"Payment Account" has the meaning specified in Section 5.20(b).

"Payment Event" means (a), the Debt Service Coverage Ratio with respect to any DSCR Determination Date is less than or equal to 1.50 to 1.00 (including if the Debt Service Coverage Ratio is less than or equal to 1.25 to 1.00), or (b) an Event of Default or Term Trigger Event has occurred. A Payment Event shall be deemed continuing until (i) with respect to clause (a), the Debt Service Coverage Ratio is greater than 1.50 to 1.00 on a DSCR Determination Date or (ii) such Event of Default or Term Trigger Event shall no longer be continuing.

"Payroll Support Program Agreement" means that certain Payroll Support Program Agreement, dated as of April 20, 2020, between the Borrower and Treasury (as amended, restated, amended and restated, supplemented or otherwise modified from time to time).

"PBGC" means the Pension Benefit Guaranty Corporation.

"Pension Act" means the Pension Protection Act of 2006.

"Pension Funding Rules" means the rules of the Code and ERISA (as modified by the CARES Act) regarding minimum funding standards and minimum required contributions (including any installment payment thereof) to Pension Plans and Multiemployer Plans and set forth in, with respect to

plan years ending prior to the effective date of the Pension Act, Section 412 of the Code and Section 302 of ERISA, each as in effect prior to the Pension Act and, thereafter, Sections 412, 430, 431, 432 and 436 of the Code and Sections 302, 303, 304 and 305 of ERISA.

"Pension Plan" means any employee pension benefit plan (including a Multiple Employer Plan, but excluding a Multiemployer Plan) that is maintained or is contributed to by any Credit Party or any ERISA Affiliate and is either covered by Title IV of ERISA or is subject to the minimum funding standards under Section 412 of the Code.

"Perfection Requirement" has the meaning specified in the Pledge and Security Agreement.

"Permitted Bond Hedge Transaction" means any call or capped call option (or substantively equivalent derivative transaction) on the Parent's common Equity Interests purchased by the Parent in connection with the issuance of any Convertible Indebtedness; provided that the purchase price for such Permitted Bond Hedge Transaction does not exceed the net proceeds received by the Parent from the sale of such Convertible Indebtedness issued in connection with the Permitted Bond Hedge Transaction.

"Permitted Business" means any business that is the same as, or reasonably related, ancillary, supportive or complementary to, the business in which the Parent and its Subsidiaries are engaged on the date of this Agreement.

"Permitted Liens" means:

(1) Liens created for the benefit of (or to secure the payment and performance of) the Obligations or any Guaranteed Obligations;

(2) 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 concluded; provided that any reserve or other appropriate provision as is required in conformity with GAAP has been made therefor;

(3) 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;

(4) Liens arising by operation of law in connection with judgments, attachments or awards which do not constitute an Event of Default hereunder;

(5) (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 any deposit or securities accounts pledged in favor of the Collateral Agent; provided that, such Liens shall be subordinated to the Liens securing the Obligations (other than the Liens relating to amounts and indemnities owed in connection with the maintenance of such account);

(6) [Reserved];

(7) [Reserved];

(8) to the extent applicable, salvage or similar rights of insurers, in each case as it relates to Collateral;

(9) any licenses or sublicenses (x) granted on a non-exclusive basis to customers or service providers in the ordinary course of business or to business partners in the ordinary course of business in a manner and subject to terms consistent with past practice or (y) granted pursuant to any Loyalty Program Agreement in full force and effect as of the Closing Date, any successor agreement thereto or any new Loyalty Program Agreement, in each case that is included in the Collateral (provided that any such grant pursuant to such new or successor agreement is made in the ordinary course of business in a manner and subject to terms substantially similar with those of the predecessor Loyalty Program Agreement or with any Loyalty Program Agreement in full force and effect as of the Closing Date, as the case may be);

(10) to the extent constituting Liens on Collateral, Dispositions permitted pursuant to Section 6.04 (b), (d)(2), (e), (f) or (h); and

(11) Liens expressly permitted by the Pledge and Security Agreement.

"Permitted Refinancing" means with respect to any Person, any refinancings, renewals, or extensions of any Indebtedness of such Person so long as: (a) such refinancings, renewals, or extensions do not result in an increase in the principal amount of the Indebtedness so refinanced, renewed, or extended, other than by the amount of premiums paid thereon and the fees and expenses incurred in connection therewith and by the amount of unfunded commitments with respect thereto; (b) such refinancings, renewals, or extensions do not result in a shortening of the average weighted maturity (measured as of the refinancing, renewal, or extension) of the Indebtedness so refinanced, renewed, or extended, nor are they on terms or conditions that, taken as a whole, are or could reasonably be expected to be materially adverse to the interests of the Lenders; (c) if the Indebtedness that is refinanced, renewed, or extended was subordinated in right of payment to the Obligations, then the terms and conditions of the refinancing, renewal, or extension must include subordination terms and conditions that are at least as favorable to the Lenders as those that were applicable to the refinanced, renewed, or extended Indebtedness; (d) the Indebtedness that is refinanced, renewed, or extended is not recourse to any Person that is liable on account of the Obligations other than those Persons which were obligated with respect to the Indebtedness that was refinanced, renewed, or extended and (e) to the extent the Indebtedness that is refinanced, renewed, or extended is unsecured, the Indebtedness resulting from such refinancing, renewal or extension must be unsecured.

"Person" means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

"Personal Data" means any information or data that identifies, relates to, describes, is reasonably capable of being associated with, or could reasonably be linked, directly or indirectly, with a particular consumer or household, or any other data or information that constitutes personal data, personally identifiable information, personal information or a similar defined term under any Privacy Law or any policy of a Credit Party or any of its Affiliates relating to privacy or the Loyalty Program Data.

"Plan" means any employee benefit plan within the meaning of Section 3(3) of ERISA, maintained for employees of the Parent or any Subsidiary, or any such plan to which the Parent or any Subsidiary is required to contribute on behalf of any of its employees or with respect to which any Credit Party has any liability.

"Platform" means Debt Domain, Intralinks, Syndtrak, DebtX or a substantially similar electronic transmission system.

"Pledge and Security Agreement" means the Pledge and Security Agreement executed and delivered by the Borrower and each Guarantor on the Closing Date in form and substance acceptable to the Initial Lender and the Collateral Agent, as it may be amended, supplemented, restated or otherwise modified from time to time. For the avoidance of doubt, the terms of the "Pledge and Security Agreement" shall include the terms of all Applicable Annexes (as defined in the Pledge and Security Agreement).

"Pre-paid Currency Purchases" means the sale, lease or other transfer by any Credit Party or any Subsidiary of a Credit Party of pre-paid Currency to a counterparty of a Loyalty Program Agreement.

"Prepayment Notice" means a notice by the Borrower to prepay Loans, which shall be in such form as the Appropriate Party may approve.

"Prime Rate" means the rate of interest per annum 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 Required Lenders) or any similar release by the Federal Reserve Board (as determined by the Required Lenders). Any change in the Prime Rate shall take effect at the opening of business on the day such change is publicly announced or quoted as being effective.

"Privacy Law" means all Applicable Laws worldwide relating to the Processing, privacy or security of Personal Data and all regulations issued thereunder, including, to the extent applicable, the EU General Data Protection Regulation (EU) 2016/679 (and all Laws implementing it), Section 5 of the Federal Trade Commission Act, the California Consumer Privacy Act, the Children's Online Privacy Protection Act, Title V, Subtitle A of the Gramm-Leach-Bliley Act, 15 U.S.C. 6801 et seq. (and the rules and regulations promulgated thereunder), state data breach notification Laws, state data security Laws, and any Law concerning requirements for website and mobile application privacy policies and practices, or any outbound communications (including e-mail marketing, telemarketing and text messaging), tracking and marketing.

"Proceeds" means "proceeds," as defined in Article 9 of the UCC.

"Processed", "Processing" or "Process", with respect to data (including Loyalty Program Data), means collected, accessed, recorded, acquired, stored, organized, altered, adapted, retrieved, disclosed, used, disposed, erased, disclosed, destructed, transferred or otherwise processed; in each case, whether or not by automated means.

"PSP Warrant Agreement" means that certain warrant agreement, dated as of April 20, 2020, between the Parent and Treasury (as amended, restated, amended and restated, supplemented or otherwise modified from time to time).

"Public Lender" has the meaning specified in Section 11.01(e).

"Receivables Subsidiary" means (x) a Wholly-Owned Subsidiary of the Parent formed for the purpose of and which engages in no activities other than in connection with the financing or securitization of accounts receivables (a) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which (1) is guaranteed by the Parent by any Subsidiary of the Parent, and excluding any guarantees of obligations (other than the principal of, and interest on, Indebtedness) pursuant to Standard Securitization Undertakings, (2) is recourse to or obligates the Parent or any

Subsidiary of the Parent in any way other than pursuant to Standard Securitization Undertakings or (3) subjects any property or asset of the Parent or any Subsidiary of the Parent (other than accounts receivable and related assets) or any property or asset of the type that is intended to be include in the Collateral, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings, (b) with which neither the Parent nor any Subsidiary of the Parent (other than another Receivables Subsidiary) has any material contract, agreement, arrangement or understanding (other than pursuant to the related financing of accounts receivable) other than on terms no less favorable to the Parent or such Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of the Parent and (c) with which neither the Parent nor any Subsidiary of the 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. For the avoidance of doubt, the Parent and any Subsidiary of the Parent may enter into Standard Securitization Undertakings for the benefit of a Receivables Subsidiary.

"Recipient" means (a) the Administrative Agent, (b) the Collateral Agent or (c) any Lender, as applicable.

"Recovery Event" means any settlement of or payment 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 Pledge and Security Agreement).

"Reference Time" with respect to any setting of the then-current Benchmark means (1) if such Benchmark is USD LIBO Rate, 11:00 a.m. (London time) on the day that is two London banking days preceding the date of such setting, and (2) if such Benchmark is not USD LIBO Rate, the time determined by the Required Lenders in their reasonable discretion, provided that such time is determined to be administratively feasible by the Administrative Agent.

"Regional Affiliates" means Envoy Aviation Group Inc., Piedmont Airlines, Inc. and PSA Airlines, Inc. and each of their respective Subsidiaries, if any.

"Register" has the meaning specified in Section 11.04(c).

"Regulation D" means Regulation D of the Federal Reserve Board, as in effect from time to time and all official rulings and interpretations thereunder or thereof.

"Regulation T" means Regulation T of the Federal Reserve Board, as in effect from time to time and all official rulings and interpretations thereunder or thereof.

"Regulation U" means Regulation U of the Federal Reserve Board, as in effect from time to time and all official rulings and interpretations thereunder or thereof.

"Regulation X" means Regulation X of the Federal Reserve Board, as in effect from time to time and all official rulings and interpretations thereunder or thereof.

"Related Parties" means, with respect to any Person, such Person's Affiliates and the partners, directors, officers, employees, agents, trustees, administrators, managers, advisors and representatives of such Person and of such Person's Affiliates.

"Relevant Governmental Body" means the Federal Reserve Board or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board or the Federal Reserve Bank of New York, or any successor thereto.

"Reportable Event" means any of the events set forth in Section 4043(c) of ERISA, other than events for which the thirty (30)-day notice period has been waived.

"Required Filings" shall have the meaning specified in the Pledge and Security Agreement.

"Required Lenders" means, at any time, Lenders having Loans representing more than 50% of the aggregate Outstanding Amount of Loans of all Lenders at such time.

"Resolution Authority" means an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.

"Responsible Officer" means (a) the chief executive officer, president, executive vice president or a Financial Officer of the Borrower or such Credit Party, as applicable, (b) solely for purposes of the delivery of incumbency certificates and certified Organizational Documents and resolutions pursuant to Section 4.01, any vice president, secretary or assistant secretary of the Borrower or such Credit Party and (c) solely for purposes of Borrowing Requests, prepayment notices and notices for Commitment terminations or reductions given pursuant to Article II, any other officer or employee of the Borrower so designated from time to time by one of the officers described in clause (a) in a notice to the Administrative Agent (together with evidence of the authority and capacity of each such Person to so act in form and substance satisfactory to the Administrative Agent). Any document delivered hereunder that is signed by a Responsible Officer of the a Credit Party shall be conclusively presumed to have been authorized by all necessary corporate, partnership or other action on the part of such Credit Party and such Responsible Officer shall be conclusively presumed to have acted on behalf of such Credit Party.

"Restricted Payment" means any dividend or other distribution (whether in cash, securities or other property) with respect to any Equity Interest of any Person, or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any such Equity Interest, or on account of any return of capital to such Person's shareholders, partners or members (or the equivalent Persons thereof).

"Route Authority" has the meaning assigned to such term in the Pledge and Security Agreement.

"S&P" means S&P Global Ratings, and any successor to its rating agency business.

"Sanctioned Country" has the meaning specified in Section 3.15(a).

"Sanctioned Person" has the meaning specified in Section 3.15(a).

"Sanctions" has the meaning specified in Section 3.15(a).

"Screen Rate" has the meaning specified in the definition of the term "Interpolated Rate".

"SEC" means the Securities and Exchange Commission, or any Governmental Authority succeeding to any of its principal functions.

"Secured Parties" has the meaning assigned to such term in the Pledge and Security Agreement.

"Securities Act" means the Securities Act of 1933, as amended.

"Security Document" means the Pledge and Security Agreement and any security or pledge agreement, mortgage, hypothecation or other agreement, instrument or document relating to collateral for the Loans (including any short form agreements, supplements, control agreements, collateral access agreements and registrations executed or made) that may exist at any time and from time to time, as amended from time to time.

"Slot" has the meaning assigned to such term in the Pledge and Security Agreement.

"SOFR" means, with respect to any Business Day, a rate per annum equal to the secured overnight financing rate for such Business Day published by the SOFR Administrator on the SOFR Administrator's Website at approximately 8:00 a.m. (New York City time) on the immediately succeeding Business Day.

"SOFR Administrator" means the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate).

"SOFR Administrator's Website" means the website of the Federal Reserve Bank of New York, currently at http://www.newyorkfed.org, or any successor source for the secured overnight financing rate identified as such by the SOFR Administrator from time to time.

"Solvent" means, as to any Person as of any date of determination, that on such date (a) the fair value of the property of such Person is greater than the total amount of liabilities, including contingent liabilities, of such Person, (b) the present fair saleable value of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured, (c) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay such debts and liabilities as they mature and (d) such Person is not engaged in a business or a transaction, and is not about to engage in a business or a transaction, for which such Person's property would constitute an unreasonably small capital. The amount of any contingent liability at any time shall be computed as the amount that, in light of all of the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability. For the avoidance of doubt, a Person shall not fail to be Solvent on any date solely as a result of such person's audit having a "going concern" or like qualification, exception or explanatory paragraph or any qualification, exception or explanatory paragraph as to the scope of such audit solely due to the COVID-19 disease outbreak.

"Spare Parts" has the meaning assigned to such term in the Pledge and Security Agreement.

"Standard Securitization Undertakings" means all representations, warranties, covenants, indemnities, performance Guarantees and servicing obligations entered into by the Parent or any Subsidiary (other than a Receivables Subsidiary), which are customary in connection with any financing of accounts receivable.

"Subsidiary" of a Person means a corporation, partnership, limited liability company, association or joint venture or other business entity of which a majority of the Equity Interests having ordinary voting power for the election of directors or other governing body (other than securities or interests having such power only by reason of the happening of a contingency) are at the time owned or the management of which is controlled, directly, or indirectly through one or more intermediaries, by such Person. Unless otherwise specified, all references herein to a "Subsidiary" or to "Subsidiaries" shall refer to a Subsidiary or Subsidiaries of the Parent.

"Swap Contract" means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, that are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a "Master Agreement"), including any such obligations or liabilities under any Master Agreement.

"Swap Termination Value" means, as to any one or more Swap Contracts, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Contracts, (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a), the amount(s) determined as the mark-to-market value(s) for such Swap Contracts, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Swap Contracts (which may include a Lender or any Affiliate of a Lender).

"Synthetic Lease Obligation" means the monetary obligation of a Person under (a) a so-called synthetic, off-balance sheet or tax retention lease or (b) an agreement for the use or possession of property creating obligations that do not appear on the balance sheet of such Person but, upon the insolvency or bankruptcy of such Person, would be characterized as the indebtedness of such Person (without regard to accounting treatment).

"Taxes" means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

"Term SOFR" means, for the applicable Corresponding Tenor as of the applicable Reference Time, the forward-looking term rate based on SOFR that has been selected or recommended by the Relevant Governmental Body.

"Term Trigger Event" has the meaning specified in Section 2.06(b).

"Trade Date" means the date on which an assigning Lender enters into a binding agreement to sell and assign all or a portion of its rights and obligations under this Agreement to another Person.

"Trade Secrets" has the meaning assigned to such term in the Pledge and Security Agreement.

"Trademark" has the meaning assigned to such term in the Pledge and Security Agreement.

"Treasury" has the meaning specified in the preamble to this Agreement.

"UK Financial Institution" means any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended from time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any Person falling within IFPRU 11.6 of the FCA Handbook (as amended from time to time) promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain affiliates of such credit institutions or investment firms.

"UK Resolution Authority" means the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution.

"Unadjusted Benchmark Replacement" means the applicable Benchmark Replacement excluding the related Benchmark Replacement Adjustment.

"Uniform Commercial Code" and "UCC" means the Uniform Commercial Code as in effect from time to time in the State of New York or, when the context implies, the Uniform Commercial Code as in effect from time to time in any other applicable jurisdiction.

"United States" and "U.S." mean the United States of America.

"USD LIBO Rate" means the LIBO Rate for U.S. dollars.

"U.S. Person" means any Person that is a "United States Person" as defined in Section 7701(a)(30) of the Code.

"U.S. Tax Compliance Certificate" has the meaning specified in Section 2.16(g).

"Voting Stock" of any specified Person as of any date means the equity interests of such Person that is at the time entitled to vote in the election of the board of directors of such Person.

"Warrant Agreement" means the warrant agreement, dated as of the date hereof between the Parent and Treasury, pursuant to which the Parent agrees to issue Warrants to Treasury upon each Borrowing.

"Warrants" means, collectively, those certain warrants issued to Treasury under the Warrant Agreement or the PSP Warrant Agreement.

"Wholly-Owned" means, as to a Subsidiary of a Person, a Subsidiary of such Person all of the outstanding Equity Interests of which (other than (a) director's qualifying shares and (b) shares issued to foreign nationals to the extent required by Applicable Law) are owned by such Person and/or by one or more Wholly-Owned Subsidiaries of such Person.

"Withholding Agent" means the Borrower and the Administrative Agent or other person making or transferring to any Lender any payment on behalf of the Borrower.

"Write-Down and Conversion Powers" means, (a) 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 powers are described in the EU Bail-In Legislation Schedule and (b) with respect to the United Kingdom, any powers of the applicable Resolution Authority under the Bail-In Legislation to cancel, reduce, modify or change the form of a liability of any UK Financial Institution or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of such Person or any other Person, to provide that any such contract or instrument is to have effect as if a right had been

exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those power.

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." The word "or" is not exclusive. The word "year" shall refer (i) in the case of a leap year, to a year of three hundred sixty-six (366) days, and (ii) otherwise, to a year of three hundred sixty-five (365) days. Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person's successors and assigns, (c) the words "herein," "hereof" and "hereunder," and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement, (e) any reference to any law or regulation herein shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time, and (f) 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.

SECTION 1.03 Accounting Terms; Changes in GAAP.

(a) Accounting Terms. Except as otherwise expressly provided herein, all accounting terms not otherwise defined herein shall be construed in conformity with GAAP. Financial statements and other information required to be delivered by the Parent to the Lenders pursuant to Sections 5.01(a) and 5.01(b) shall be prepared in accordance with GAAP as in effect at the time of such preparation. Notwithstanding the foregoing, for purposes of determining compliance with any covenant (including the computation of any financial covenant) contained herein, Indebtedness of the Parent and its Subsidiaries shall be deemed to be carried at 100% of the outstanding principal amount thereof, and the effects of FASB ASC 825 and FASB ASC 470-20 on financial liabilities shall be disregarded.

(b) Changes in GAAP. If the Borrower notifies the Administrative Agent (who will forward such notification to the Lenders) 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 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, the Required Lenders shall have notified the Borrower (with a copy to the Administrative Agent) of their objection to such amendment or such provision shall have been amended in accordance herewith.

SECTION 1.04 Rates. The Administrative Agent does not warrant or accept responsibility for, and shall not have any liability with respect to, the administration, submission or any other matter related to the rates in the definition of "LIBO Rate" or with respect to any comparable or successor rate thereto.

SECTION1.05 Divisions. For all purposes under the Loan Documents, in connection with any division or plan of division under Delaware law (or any comparable event under a different jurisdiction's laws): (a) if any asset, right, obligation or liability of any Person becomes the asset, right, obligation or liability of a different Person, then it shall be deemed to have been transferred from the original Person to the subsequent Person, and (b) if any new Person comes into existence, such new Person shall be deemed to have been organized on the first date of its existence by the holders of its Equity Interests at such time.

ARTICLE II

COMMITMENTS AND BORROWINGS

SECTION 2.01 Commitments. Subject to the terms and conditions set forth herein, the Initial Lender agrees to make the Loans to the Borrower in one or more installments on or after the Closing Date in an aggregate principal amount not to exceed the Initial Lender's Commitment. Amounts borrowed under this Section 2.01 and repaid or prepaid may not be reborrowed.

SECTION 2.02 Loans and Borrowings.

(a) Borrowings. The Borrower shall request the initial Borrowing of the Loans on the Closing Date and may request one or more subsequent Borrowings of the Loans; provided that the Borrower shall request no more than three (3) total Borrowings.

(b) Minimum Amounts. Each Borrowing shall be in an aggregate amount of $550,000,000 or a larger multiple of $5,000,000; provided that, the final Borrowing may be in an amount equal to the aggregate remaining outstanding Commitments available to the Borrower under the terms and conditions of this Agreement.

(c) Funding of Borrowings. Each Lender shall make the amount of each Borrowing to be made by it hereunder available to the Administrative Agent by wire transfer of immediately available funds to the Administrative Account not later than 12:00 noon (New York City time) on the proposed date thereof. The Administrative Agent will make all such funds so received available to the Borrower in like funds, by wire transfer of such funds in accordance with the instructions provided in the applicable Borrowing Request; provided that if all such requested funds are not received by the Administrative Agent by 12:00 noon (New York City time) on the proposed date for such Borrowing, the Administrative Agent shall distribute such funds on the next succeeding Business Day.

SECTION 2.03 Borrowing Requests.

(a) Notice by Borrower. In order to request a Borrowing, the Borrower shall notify the Administrative Agent of such request in writing not later than 11:00 a.m. (New York City time) (i) with respect to the initial Borrowing under this Agreement, three (3) Business Days prior to the date of the requested Borrowing and (ii) for each subsequent Borrowing, five (5) Business Days before such Borrowing. Each such notice shall be irrevocable and shall be in the form of a written Borrowing Request, appropriately completed and signed by a Responsible Officer of the Borrower. The Administrative Agent shall promptly advise the applicable Lenders of any Borrowing Request given pursuant to this Section 2.03(a) (and the contents thereof), and of each Lender's portion of the requested Borrowing.

(b) Content of Borrowing Requests. Each Borrowing Request for a Borrowing pursuant to this Section shall specify the following information in compliance with Section 2.02: (i) the

aggregate amount of the requested Borrowing; (ii) the date of such Borrowing (which shall be a Business Day); and (iii) the location and number of the Borrower's account to which funds are to be disbursed.

SECTIION 2.04 [Reserved].

SECTIION 2.05 [Reserved].

SECTIION 2.06 Prepayments.

(a) Optional Prepayments. The Borrower may, upon written notice to the Administrative Agent, at any time and from time to time prepay the Loans in whole or in part without premium or penalty, subject to the requirements of this Section. Partial prepayments of the Loans shall be in a minimum aggregate principal amount of $1,000,000 or a whole multiple of $100,000 in excess thereof. Notwithstanding anything herein to the contrary, the Borrower may at any time elect to prepay the Loans with funds contained in the Collateral Proceeds Account.

(b) Mandatory Prepayments.

(i) Dispositions of Collateral. Within three (3) Business Days of the receipt by the Parent or any of its Subsidiaries of any Net Proceeds from a Disposition of Collateral not permitted by Section 6.04, the Borrower shall prepay the Loans in an amount equal to 100% of such Net Proceeds.

(ii) Recovery Events. Within three (3) Business Days of the receipt by the Parent or any of its Subsidiaries of any Net Proceeds from a Recovery Event in respect of Collateral, the Borrower shall prepay the Loans in an amount equal to 100% of such Net Proceeds; provided that with respect to Collateral consisting of airframes, aircraft, engines and Spare Parts, the Borrower may deposit such Net Proceeds into the Collateral Proceeds Account for such purpose and thereafter such Net Proceeds shall be applied (to the extent not otherwise applied pursuant to the immediately succeeding proviso) to prepay the Loans; provided further that (I) the Borrower may use such Net Proceeds to (A) replace the assets which are the subject of such Recovery Event with assets that are of the same type of Collateral or (B) repair the assets which are the subject of such Recovery Event, in each case, within 270 days after such deposit is made, (II) all such Net Proceeds amount may, at the option of the Borrower at any time, be applied to repay the Loans, and (III) upon the occurrence of an Event of Default, the amount of any such deposit may be applied by the Administrative Agent to repay the Loans.

(iii) Certain Debt Issuances. Immediately upon receipt by the Parent or any of its Subsidiaries of any proceeds from the incurrence of any Indebtedness that is secured by Liens on the Collateral (other than Permitted Liens), the Borrower shall prepay the Loans in an amount equal to 100% of any such proceeds from any such Indebtedness.

(iv) Contingent Payment Events. Within three (3) Business Days of the receipt by the Parent or any of its Subsidiaries of any Net Proceeds from a Contingent Payment Event under a Loyalty Program Agreement, which Net Proceeds, together with the aggregate amount of Net Proceeds previously received from Contingent Payment Events, are in excess of $5,000,000, the Borrower shall prepay the Loans in an amount equal to 100% of such Net Proceeds.

(v) Loyalty Revenue Advance Transactions. Within three (3) Business Days of the receipt by the Parent or any of its Subsidiaries of any Net Proceeds from a Loyalty Revenue Advance Transaction, which Net Proceeds, together with the aggregate amount of Net

Proceeds previously received from Loyalty Revenue Advance Transactions during the term of this Agreement, are in excess of an amount equal to the greater of (x) $10,000,000 and (y) 10% of the aggregate amount of Collateral Cash Flow received during the most recently ended DSCR Test Period that has been deposited into a Collateral Account, the Borrower shall prepay the Loans in an amount equal to 100% of such excess Net Proceeds.

(vi) Payment Events.

(A) The Loans shall be required to be repaid if the Debt Service Coverage Ratio with respect to any DSCR Determination Date is less than 1.50 to 1.00 or 1.25 to 1.00, as the case may be, as set forth in Section 6.17(c).

(B) After the occurrence and during the continuation of an Event of Default, the Loans shall be repaid in an amount equal to 100% of all Loyalty Program Revenue received thereafter, and the Parent and the Subsidiaries shall ACH or wire transfer daily such Loyalty Program Revenue to the Payment Account (from the Collection Account or otherwise) with all such amounts deposited into the Payment Account to be applied to the prepayment of any Loans then outstanding.

(C) If at any time (x) any Material Loyalty Program Agreement has a remaining term of less than two (2) years or (y) Loyalty Program Agreements representing 90% of Loyalty Program Revenues (excluding revenues generated under any Loyalty Subscription Program) in the aggregate over the immediately preceding twelve (12) calendar month period then ended have remaining terms of less than two (2) years (a "Term Trigger Event") and such Term Trigger Event is continuing, then the Loans shall be repaid in an amount equal to 100% of all Loyalty Program Revenue received thereafter, and the Parent and the Subsidiaries shall ACH or wire transfer daily such Loyalty Program Revenue to the Payment Account (from the Collection Account or otherwise) with all such amounts deposited into the Payment Account to be applied to the prepayment of any Loans then outstanding.

(vii) Change of Control. Immediately upon the occurrence of a Change of Control, the Borrower shall prepay the Loans in an amount equal to 100% of the aggregate outstanding principal amount of Loans.

(c) Notices. Each such notice pursuant to this Section shall be in the form of a written Prepayment Notice, appropriately completed and signed by a Responsible Officer of the Borrower, and must be received by the Administrative Agent not later than 11:00 a.m. (New York City time) three (3) Business Days before the date of prepayment (which delivery may initially be by electronic communication including fax or email and shall be followed by an original authentic counterpart thereof). Each Prepayment Notice shall specify (x) the prepayment date and (y) the principal amount of the Loans or portion thereof to be prepaid. Each Prepayment Notice shall be irrevocable.

(d) Payments. Any prepayment of the Loans pursuant to this Section SECTION 2.06 shall be accompanied by accrued interest on the principal amount prepaid as set forth in Section SECTION 2.09(c).

SECTION 2.07 Reduction and Termination of Commitments. The Initial Lender's Commitment shall (x) automatically and permanently be reduced by the amount of any Borrowing of a Loan and (y) automatically and permanently terminate on March 26, 2021. The Borrower may, upon not less than three (3) Business Days' notice to the Initial Lender and the Administrative Agent, terminate the

Commitment or, from time to time, reduce the Commitment. Any such reduction in the Commitment shall be in an amount equal to $1,000,000 or a whole multiple thereof, and shall permanently reduce the Commitment.

SECTION 2.08 Repayment of Loans. The Borrower shall repay to the Administrative Agent for the ratable account of the Lenders the aggregate principal amount of all Loans outstanding on the Maturity Date.

SECTION 2.09 Interest.

(a) Interest Rates. Subject to paragraph (b) of this Section, the Loans shall bear interest at a rate per annum equal to the Adjusted LIBO Rate plus the Applicable Rate.

(b) Default Interest. If any amount payable by the Borrower under this Agreement or any other Loan Document (including principal of any Loan, interest, fees and other amount) is not paid when due, whether at stated maturity, by acceleration or otherwise, such amount shall thereafter bear interest at a rate per annum equal to the applicable Default Rate. Upon the request of the Required Lenders, while any Event of Default exists, the Borrower shall pay interest on the principal amount of all Loans outstanding hereunder at a rate per annum equal to the applicable Default Rate.

(c) Payment Dates. Accrued interest on each Loan shall be payable in arrears on or before 12:00 noon (New York City time) on each Interest Payment Date applicable thereto and at such other times as may be specified herein; provided that (i) interest accrued pursuant to paragraph (b) of this Section shall be payable on demand and (ii) in the event of any repayment or prepayment of any Loan (including mandatory prepayments under Section 2.06(b)), accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment.

(d) Interest Computation. All interest hereunder shall be computed on the basis of a year of three hundred sixty (360) days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The Adjusted LIBO Rate shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

SECTION 2.10 Benchmark Replacement Setting.

(a) Benchmark Replacement. Notwithstanding anything to the contrary herein or in any other Loan Document, if a Benchmark Transition Event or an Early Opt-in Election, as applicable, and its related Benchmark Replacement Date have occurred prior to the Reference Time in respect of any setting of the then-current Benchmark, as notified by the Required Lenders to the Administrative Agent in writing, then (x) if a Benchmark Replacement is determined in accordance with clause (1) or (2) of the definition of “Benchmark Replacement” for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Loan Document in respect of such Benchmark setting and subsequent Benchmark settings without any amendment to, or further action or consent of any other party to, this Agreement or any other Loan Document and (y) if a Benchmark Replacement is determined in accordance with clause (3) of the definition of “Benchmark Replacement” for such Benchmark Replacement Date, such Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Loan Document in respect of any Benchmark setting at or after 5:00 p.m. (New York City time) on the fifth (5th) Business Day after the date notice of such Benchmark Replacement is provided to the Lenders and the Administrative Agent by the Required Lenders without any amendment to, or further action or consent of any other party to, this Agreement or any other Loan Document, so long as the Administrative Agent has not received, by such time, written notice of objection to such Benchmark Replacement from Lenders comprising the Required Lenders.

(b) Benchmark Replacement Conforming Changes. In connection with the implementation of a Benchmark Replacement, the Administrative Agent (after consultation with the Required Lenders) will have the right to make Benchmark Replacement Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Benchmark Replacement Conforming Changes will become effective without any further action or consent of any other party to this Agreement or any other Loan Document.

(c) Notices; Standards for Decisions and Determinations. The Initial Lender or the Required Lenders, as the case may be, will promptly notify the Administrative Agent, which will then promptly notify the Borrower and the Lenders of (i) any occurrence of a Benchmark Transition Event or an Early Opt-in Election, as applicable, and its related Benchmark Replacement Date, (ii) the implementation of any Benchmark Replacement, (iii) the removal or reinstatement of any tenor of a Benchmark pursuant to clause (d) below and (iv) the commencement or conclusion of any Benchmark Unavailability Period. The Administrative Agent will promptly notify the Borrower and the Lenders of the effectiveness of any Benchmark Replacement Conforming Changes. Any determination, decision or election that may be made by any Lender (or group of Lenders) or the Administrative Agent, if applicable, pursuant to this Section 2.10 including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error and may be made in its or their sole discretion and without consent from any other party to this Agreement or any other Loan Document, except, in each case, as expressly required pursuant to this Section 2.10. Notwithstanding anything in this Agreement to the contrary, the Administrative Agent does not warrant or accept any responsibility for, and shall not have any liability with respect to, any determination made by it in connection with the adoption of Benchmark Replacement Conforming Changes or for the impact of such Benchmark Replacement Conforming Changes, nor for the failure to adopt any Benchmark Replacement Conforming Changes due to the failure of the Required Lenders to cooperate in good faith in connection with the determination of any Benchmark Replacement Conforming Changes.

(d) Unavailability of Tenor of Benchmark. Notwithstanding anything to the contrary herein or in any other Loan Document, at any time (including in connection with the implementation of a Benchmark Replacement), (i) if the then-current Benchmark is a term rate (including Term SOFR or USD LIBO Rate) and either (A) any tenor for such Benchmark is not displayed on a screen or other information service that publishes such rate from time to time as selected by the Administrative Agent in its reasonable discretion or (B) the regulatory supervisor for the administrator of such Benchmark has provided a public statement or publication of information announcing that any tenor for such Benchmark is or will be no longer representative, then the definition of “Interest Period” may be modified for any Benchmark settings at or after such time to remove such unavailable or non-representative tenor and (ii) if a tenor that was removed pursuant to clause (i) above either (A) is subsequently displayed on a screen or information service for a Benchmark (including a Benchmark Replacement) used by the Administrative Agent or (B) is not, or is no longer, subject to an announcement that it is or will no longer be representative for a Benchmark (including a Benchmark Replacement), then the definition of “Interest Period” may be modified for all Benchmark settings at or after such time to reinstate such previously removed tenor.

(e) Benchmark Unavailability Period. During any Benchmark Unavailability Period, all calculations of interest by reference to a LIBO Rate hereunder shall instead be made by reference to the Alternate Base Rate.

SECTION 2.11 Evidence of Debt.

(a) Maintenance of Records. The Administrative Agent shall maintain the Register in accordance with Section 11.04(c). The entries made in the records maintained pursuant to this paragraph (a) shall be prima facie evidence absent manifest error of the existence and amounts of the obligations recorded therein. Any failure of the Administrative Agent to maintain such records or make any entry therein or any error therein shall not in any manner affect the obligations of the Borrower under this Agreement and the other Loan Documents.

(b) Promissory Notes. The Borrower shall prepare, execute and deliver to such Lender a promissory note of the Borrower payable to such Lender (or, if requested by such Lender, to such Lender and its registered assigns) and a form attached as Exhibit C hereto, which shall evidence such Lender's Loan.

SECTION 2.12 Payments Generally.

(a) Payments by Borrower. All payments to be made by the Borrower hereunder and the other Loan Documents shall be made without condition or deduction for any counterclaim, defense, recoupment or setoff. Except as otherwise expressly provided herein, all such payments shall be made to the Administrative Agent, for the account of the respective Lenders to which such payment is owed, to the Administrative Account in immediately available funds not later than 12:00 noon (New York City time) on the date specified herein. All amounts received by a Lender or the Administrative Agent after such time on any date shall be deemed to have been received on the next succeeding Business Day and any applicable interest or fees shall continue to accrue. The Administrative Agent will promptly distribute to each Lender its ratable share (or other applicable share as provided herein) of such payment in like funds as received by wire transfer to such Lender's applicable lending office (or otherwise distribute such payment in like funds as received to the Person or Persons entitled thereto as provided herein). If any payment to be made by the Borrower shall fall due on a day that is not a Business Day, payment shall be made on the next succeeding Business Day and such extension of time shall be reflected in computing interest or fees, as the case may be; provided that, if such next succeeding Business Day would fall after the Maturity Date, payment shall be made on the immediately preceding Business Day. Except as otherwise expressly provided herein, all payments hereunder or under any other Loan Document shall be made in Dollars.

(b) Application of Insufficient Payments. Subject to Section 7.02, if at any time insufficient funds are received by and available to the Lenders or the Administrative Agent to pay fully all amounts of principal, interest, fees and other amounts then due hereunder, such funds shall be applied (i) first, to pay interest, fees and other amounts then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest, fees and other amounts then due to such parties, and (ii) second, to pay principal then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal then due to such parties.

(c) Presumptions by Administrative Agent. 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 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, but shall not be obligated to, distribute to the Lenders the amount due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such 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. Notwithstanding the foregoing, the Administrative Agent is not required to make any payment to the Lenders until it is in possession of cleared funds from the Borrower.

(d) Deductions by Administrative Agent. If any Lender (other than the Initial Lender) shall fail to make any payment required to be made by it pursuant to Section 2.13 or 11.03(c), then the Administrative Agent may, in its discretion and notwithstanding any contrary provision hereof, (i) apply any amounts thereafter received by the Administrative Agent for the account of such Lender for the benefit of the Administrative Agent to satisfy such Lender's obligations to the Administrative Agent until all such unsatisfied obligations are fully paid or (ii) hold any such amounts in a segregated account as cash collateral for, and for application to, any future funding obligations of such Lender under any such Section, in the case of each of clauses (i) and (ii) above, in any order as determined by the Administrative Agent in its discretion.

(e) Several Obligations of Lenders. The obligations of the Lenders hereunder to make Loans and to make payments pursuant to Section 11.03(c) are several and not joint. The failure of any Lender to make any Loan or to make any such payment on any date required hereunder shall not relieve any other Lender of its corresponding obligation to do so on such date, and no Lender shall be responsible for the failure of any other Lender to so make its Loan or to make its payment under Section 11.03(c).

SECTION 2.13 Sharing of Payments. If any Lender shall, by exercising any right of setoff or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Loans or other obligations hereunder resulting in such Lender receiving payment of a proportion of the aggregate amount of its Loans and accrued interest thereon or other such obligations greater than its pro rata share thereof as provided herein, then the Lender receiving such greater proportion shall (a) notify the Administrative Agent of such fact, and (b) purchase (for cash at face value) participations in the Loans and such other obligations of the other Lenders, or make such other adjustments as shall be equitable, so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans and other amounts owing them; provided that:

(i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest; and

(ii) the provisions of this paragraph shall not be construed to apply to (x) any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement or (y) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans to any assignee or participant, other than to the Borrower or any Subsidiary thereof (as to which the provisions of this paragraph shall apply).

The Borrower consents to the foregoing and agrees, to the extent it may effectively do so under Applicable Law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrower rights of setoff and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of the Borrower in the amount of such participation.

SECTION 2.14 Compensation for Losses. In the event of (a) the payment of any principal of the Loans other than on the last day of an Interest Period (including as a result of an Event of Default), (b) the failure to borrow or prepay the Loans (or any portion thereof) on the date specified in any notice delivered pursuant hereto, or (c) the assignment of the Loans (or any portion thereof) other than on

the last day of the Interest Period applicable thereto as a result of a request by the Borrower pursuant to Section 2.19(b), then, in any such event, the Borrower shall compensate each Lender for the loss, cost and expense attributable to such event. Such loss, cost or expense to any Lender shall be deemed to include an amount determined by such Lender to be the excess, if any, of (i) the amount of interest that would have accrued on the principal amount of such Loan had such event not occurred, at the Adjusted LIBO Rate that would have been applicable to such Loan, 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, for the date that would have been the applicable Interest Period), over (ii) the amount of interest that would accrue on such principal amount for such period at the interest rate that 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 London interbank eurodollar market. A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate promptly after receipt thereof.

SECTION 2.15 Increased Costs.

(a) Increased Costs Generally. 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 or participated in by, any Lender (except any reserve requirement reflected in the Adjusted LIBO Rate);

(ii) subject any Recipient to any Taxes (other than (A) Indemnified Taxes, (B) Taxes described in clauses (b) through (d) of the definition of Excluded Taxes and (C) Connection Income Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto; or

(iii) impose on any Lender or the London interbank market any other condition, cost or expense (other than Taxes) affecting this Agreement or Loans made by such Lender;

and the result of any of the foregoing shall be to increase the cost to such Lender or such other Recipient of making or maintaining any Loan or to reduce the amount of any sum received or receivable by such Lender or other Recipient hereunder (whether of principal, interest or any other amount) then, upon request of such Lender or other Recipient, the Borrower will pay to such Lender or other Recipient, as the case may be, such additional amount or amounts as will compensate such Lender or other Recipient, as the case may be, for such additional costs incurred or reduction suffered.

(b) [Reserved].

(c) Certificates for Reimbursement. A certificate of a Lender setting forth the amount or amounts necessary to compensate such Lender or its holding company, as the case may be, as specified in paragraph (a) of this Section and delivered to the Borrower, shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within ten (10) days after receipt thereof.

(d) Delay in Requests. Failure or delay on the part of any Lender to demand compensation pursuant to this Section shall not constitute a waiver of such Lender’s right to demand such compensation; provided that the Borrower shall not be required to compensate a Lender pursuant to this

Section for any increased costs incurred or reductions suffered more than nine (9) months prior to the date that such Lender notifies the Borrower of the Change in Law giving rise to such increased costs or reductions, and of such Lender's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the nine-month period referred to above shall be extended to include the period of retroactive effect thereof).

SECTION 2.16 Taxes.

(a) Defined Terms. For purposes of this Section, the term "Applicable Law" includes FATCA.

(b) Payments Free of Taxes. Any and all payments by or on account of any obligation of the Borrower under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by Applicable Law. If any Applicable Law (as determined in the good faith discretion of an applicable Withholding Agent) requires the deduction or withholding of any Tax from any such payment by a Withholding Agent, then the applicable Withholding Agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with Applicable Law and, if such Tax is an Indemnified Tax, then the sum payable by the Borrower shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this Section) the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding been made. Borrower acknowledges and agrees that, absent a Change in Law, Borrower is not required to withhold or deduct from any such payments to the Initial Lender on account of any U.S. federal withholding taxes or Taxes imposed pursuant to FATCA.

(c) Payment of Other Taxes by Borrower. The Borrower shall timely pay to the relevant Governmental Authority in accordance with Applicable Law, or at the option of the Initial Lender, the Required Lenders or the Administrative Agent timely reimburse it for the payment of, any Other Taxes.

(d) Indemnification by Borrower. The Borrower shall indemnify each Recipient, within thirty (30) days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified 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 (with a copy to the Administrative Agent if such Lender is not the Initial Lender), or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(e) Indemnification by the Lenders. Each Lender (other than the Initial Lender) shall severally indemnify the Administrative Agent, within thirty (30) days after demand therefor, for (i) any Indemnified Taxes attributable to such Lender (but only to the extent that the Borrower has not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of the Borrower to do so), (ii) any Taxes attributable to such Lender's failure to comply with the provisions of Section 11.04(d) relating to the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by the Administrative Agent in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such 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 any such Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender (other than the Initial Lender) hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under any Loan Document or otherwise payable by the Administrative Agent to such Lender from any other source against any amount due to the Administrative Agent under this paragraph (e).

(f) Evidence of Payments. As soon as practicable after any payment of Taxes by the Borrower to a Governmental Authority pursuant to this Section, 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, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(g) Status of Lenders. Any Lender (other than the Initial Lender) that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Borrower and the Administrative Agent, at the time or times reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Borrower (or, if such Lender is not the Initial Lender, the Administrative Agent) as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender (other than the Initial Lender), if reasonably requested by the Borrower (or the Administrative Agent), shall deliver such other documentation prescribed by Applicable Law or reasonably requested by the Borrower (or the Administrative Agent) as will enable the Borrower (or the Administrative Agent) to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in paragraphs (g)(ii)(A), (ii)(B) and (ii)(D) of this Section) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing,

(A) any Lender (other than the Initial Lender) that is a U.S. Person shall deliver to the Borrower and the Administrative Agent on or about the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed copies of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax;

(B) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), whichever of the following is applicable:

(1) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(2) executed copies of IRS Form W-8ECI (or any successor forms) and, in the case of an Agent, a withholding certificate that satisfies the requirements of Treasury Regulation Sections 1.1441-1(b)(2)(iv) and 1.1441-1(e)(3)(v) as applicable to a U.S. branch that has agreed to be treated as a U.S. Person for withholding tax purposes;

(3) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate substantially in the form of Exhibit B-1 to the effect that such Foreign Lender is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10 percent shareholder" of the Borrower within the meaning of Section 871(h)(3)(B) of the Code, or a "controlled foreign corporation" related to the Borrower as described in Section 881(c)(3)(C) of the Code (a "U.S. Tax Compliance Certificate") and (y) executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E; or

(4) to the extent a Foreign Lender is not the beneficial owner, executed copies of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN, IRS Form W-8BEN-E, a U.S. Tax Compliance Certificate substantially in the form of Exhibit B-2 or Exhibit B-3, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit B-4 on behalf of each such direct and indirect partner;

(C) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or about the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed copies of any other form prescribed by Applicable Law as a basis for claiming exemption from or a

reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by Applicable Law to permit the Borrower or the Administrative Agent to determine the withholding or deduction required to be made; and

(D) if a payment made to a Lender (other than the Initial Lender) under 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 and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount, if any, to deduct and withhold from such payment. Solely for purposes of this clause (D), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower and the Administrative Agent in writing of its legal inability to do so. Notwithstanding anything to the contrary in this Agreement, the Initial Lender shall be entitled to the benefits of this Section 2.16 and all related provisions under this Agreement without regard to whether it provides any documentation described in Section 2.16(g).

(h) Treatment of Certain Refunds. If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section (including by the payment of additional amounts pursuant to this Section), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this paragraph (h) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (h), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this paragraph (h) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This paragraph shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(i) Survival. Each party's obligations under this Section shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all obligations under any Loan Document.

SECTION 2.17 [Reserved].

SECTION 2.18 [Reserved].

SECTION 2.19 Mitigation Obligations; Replacement of Lenders.

(a) Designation of a Different Lending Office. If any Lender requests compensation under Section 2.15, or requires the Borrower to pay any Indemnified Taxes or additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.16, then such Lender shall (at the request of the Borrower) use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.15 or 2.16, as the case may be, in the future, 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.

(b) Replacement of Lenders. If any Lender requests compensation under Section 2.15, or if the Borrower is required to pay any Indemnified Taxes or additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.16 and, in each case, such Lender has declined or is unable to designate a different lending office in accordance with paragraph (a) of this Section, or if any Lender is a Non-Consenting Lender, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 11.04), all of its interests, rights (other than its existing rights to payments pursuant to Section 2.15 or Section 2.16) and obligations under this Agreement and the related Loan Documents to an Eligible Assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that:

(i) the Borrower shall have paid to the Administrative Agent the assignment fee (if any) specified in Section 11.04;

(ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Loan Documents (including any amounts under Section 2.14) from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts);

(iii) in the case of any such assignment resulting from a claim for compensation under Section 2.15 or payments required to be made pursuant to Section 2.16, such assignment will result in a reduction in such compensation or payments thereafter;

(iv) such assignment does not conflict with Applicable Law; and

(v) in the case of any assignment resulting from a Lender becoming a Non-Consenting Lender, the applicable assignee shall have consented to the applicable amendment, waiver or consent.

A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

The Credit Parties represent and warrant to the Administrative Agent, the Collateral Agent and the Lenders on the Closing Date and on the date of each Borrowing that:

SECTION 3.01 Existence, Qualification and Power. Each of the Credit Parties and their respective Material Subsidiaries (a) is duly organized or formed, validly existing and, as applicable, in good standing under the Laws of the jurisdiction of its incorporation or organization, (b) has all requisite power and authority and all requisite governmental licenses, authorizations, consents and approvals to (i) own or lease its assets and carry on its business and (ii) execute, deliver and perform its obligations under the Loan Documents to which it is a party, and (c) is duly qualified and is licensed and, as applicable, in good standing under the Laws of each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification or license, except, in each case referred to in clause (a) (other than with respect to any Credit Party), (b)(i) or (c), to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect.

SECTION 3.02 Authorization; No Contravention. The execution, delivery and performance by each Credit Party of each Loan Document to which it is party have been duly authorized by all necessary corporate or other organizational action, and do not and will not (a) contravene the terms of its Organizational Documents, (b) conflict with or result in any breach or contravention of, or the creation of any Lien under, or require any payment to be made under (i) any material Contractual Obligation to which each Credit Party is a party or affecting each Credit Party or the material properties of any Credit Party or (ii) any material order, injunction, writ or decree of any Governmental Authority or any arbitral award to which any Credit Party or its property is subject or (c) violate any Law, except to the extent such violation could not reasonably be expected to have a Material Adverse Effect.

SECTION 3.03 Governmental Authorization; Other Consents. No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person is necessary or required in connection with the execution, delivery or performance by, or enforcement against, each Credit Party of this Agreement or any other Loan Document, except for (i) such approvals, consents, exemptions, authorizations, actions or notices that have been duly obtained, taken or made and in full force and effect and (ii) filings and consents contemplated by the Security Documents or Section 5.14.

SECTION 3.04 Execution and Delivery; Binding Effect. This Agreement has been, and each other Loan Document, when delivered hereunder, will have been, duly executed and delivered by each Credit Party. This Agreement constitutes, and each other Loan Document when so delivered will constitute, a legal, valid and binding obligation of each Credit Party, enforceable against each Credit Party in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium or other Laws affecting creditors' rights generally and by general principles of equity.

SECTION 3.05 Financial Statements; No Material Adverse Change.

(a) Financial Statements. The financial statements described in Schedule 3.05 were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein, and fairly present in all material respects the financial condition of the Parent and its Subsidiaries as of the date thereof and their results of operations and cash flows for the

period covered thereby in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein.

(b) No Material Adverse Change. Since the date of the most recent audited balance sheet included in the financial statements described in Schedule 3.05, there has been no event or circumstance that, either individually or in the aggregate, has had or could reasonably be expected to have a Material Adverse Effect.

SECTION 3.06 Litigation. Except for those matters which have been publicly disclosed in any SEC filing of the Parent filed prior to the Closing Date, there are no actions, suits, proceedings, claims, disputes or investigations pending or, to the knowledge of any Credit Party, threatened, at Law, in equity, in arbitration or before any Governmental Authority, by or against any Credit Party or any of its Subsidiaries or against any of their properties or revenues that (a) either individually or in the aggregate could reasonably be expected to have a Material Adverse Effect or (b) purport to affect or pertain to this Agreement or any other Loan Document or any of the transactions contemplated hereby.

SECTION 3.07 Contractual Obligations; No Default. None of the Credit Parties and their respective Subsidiaries is in default under or with respect to any Contractual Obligation that, either individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect. No Default has occurred and is continuing or would result from the consummation of the transactions contemplated by this Agreement or any other Loan Document.

SECTION 3.08 Property.

(a) Ownership of Properties and Collateral. Each of the Credit Parties and their respective Subsidiaries has good record and marketable title in fee simple to, or valid leasehold interests in, all real property necessary or used in the ordinary conduct of its business, except for such defects in title that, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect. Each Credit Party has good title to the Collateral owned by it, free and clear of all Liens other than Permitted Liens.

(b) Intellectual Property and Personal Data. Each of the Credit Parties and their respective Subsidiaries owns, licenses or possesses the valid and enforceable right to use all of the material Intellectual Property and data (including Personal Data) that is used in or necessary for the operation of each Carrier Collateral Loyalty Program. The use of Loyalty Program Intellectual Property and the Loyalty Program Data by the Credit Parties and the conduct of the Carrier Collateral Loyalty Programs as currently conducted do not materially infringe upon, misappropriate, dilute or otherwise violate any Privacy Law nor any rights held by any other Person. No claim or litigation regarding any of the foregoing, or challenging the ownership, validity or enforceability of any Loyalty Program Intellectual Property is pending or, to the knowledge of any of the Credit Parties, threatened that could reasonably be expected to be material to any of the Credit Parties, and to the knowledge of the Credit Parties, there is no basis for any such claim.

SECTION 3.09 Taxes. The Credit Parties and their respective Subsidiaries have filed all federal, state and other tax returns and reports required to be filed, and have paid all federal, state and other taxes, assessments, fees and other governmental charges levied or imposed upon them or their properties, income or assets otherwise due and payable, except (a) Taxes that are being contested in good faith by appropriate proceedings diligently conducted and for which adequate reserves are being maintained in accordance with GAAP or (b) to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect.

SECTION 3.10 Disclosure. (a) The Credit Parties and their respective Subsidiaries have disclosed to the Administrative Agent, the Collateral Agent and the Lenders all agreements, instruments and corporate or other restrictions to which they are subject, and all other matters known to them, that, either individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect. The Loan Application Form, reports, financial statements, certificates and other written information (other than projected or pro forma financial information) furnished by or on behalf of the Credit Parties and their respective Subsidiaries to any Agent or any Lender in connection with the transactions contemplated hereby and the negotiation of this Agreement or delivered hereunder or under any other Loan Document (as modified or supplemented by other information so furnished), taken as a whole, do not contain any material misstatement of fact or omit to state any material fact necessary to make the statements therein (when taken as a whole), in the light of the circumstances under which they were made, not misleading; provided that, with respect to projected or pro forma financial information, the Credit Parties represent only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time of preparation and delivery (it being understood that such projected information may vary from actual results and that such variances may be material) and (b) as of the Closing Date, the information included in the Beneficial Ownership Certification is true and correct in all respects.

SECTION 3.11 Compliance with Laws. Each of the Credit Parties and their respective Subsidiaries is in compliance with the requirements of all Laws (including Environmental Laws and Privacy Laws) and all orders, writs, injunctions and decrees applicable to it or to its properties, except in such instances in which (a) such requirement of Law or order, writ, injunction or decree is being contested in good faith by appropriate proceedings diligently conducted or (b) the failure to so comply, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

SECTION 3.12 ERISA Compliance.

(a) Except as could not reasonably be expected, either individually or in the aggregate, to have a Material Adverse Effect, (i) each Plan is in compliance with the applicable provisions of ERISA, the Code and other federal or state Laws and (ii) each Plan that is intended to be a qualified plan under Section 401(a) of the Code has received a favorable determination letter, opinion letter or advisory letter from the IRS to the effect that the form of such Plan is qualified under Section 401(a) of the Code and the trust related thereto has been determined by the IRS to be exempt from federal income tax under Section 501(a) of the Code, or an application for such a letter is currently being processed by the IRS, and, to the knowledge of any Credit Party, nothing has occurred that would prevent or cause the loss of such tax-qualified status.

(b) There are no pending or, to the knowledge of any Credit Party, threatened or contemplated claims, actions or lawsuits, or action by any Governmental Authority, with respect to any Plan that, either individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect. There has been no prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan that, either individually or in the aggregate, has had or could reasonably be expected to have a Material Adverse Effect.

(c) No ERISA Event has occurred, and neither any Credit Party nor any ERISA Affiliate is aware of any fact, event or circumstance that, either individually or in the aggregate, could reasonably be expected to constitute or result in an ERISA Event that, either individually or in the aggregate, has had or could reasonably be expected to have a Material Adverse Effect.

(d) Except as would not reasonably be expected to have individually or in the aggregate, a Material Adverse Effect, the present value of all accrued benefits under each Pension Plan (based on those assumptions used to fund such Pension Plan) did not, as of the last annual valuation date

prior to the date on which this representation is made or deemed made, exceed the value of the assets of such Pension Plan allocable to such accrued benefits by a material amount.

(e) To the extent applicable, each Foreign Plan has been maintained in compliance with its terms and with the requirements of any and all applicable requirements of Law and has been maintained, where required, in good standing with applicable regulatory authorities, except to the extent that the failure so to comply could not reasonably be expected, either individually or in the aggregate, to have a Material Adverse Effect. Neither the Parent nor any Subsidiary has incurred any obligation in connection with the termination of or withdrawal from any Foreign Plan that, either individually or in the aggregate, would reasonably be expected to have individually or in the aggregate, a Material Adverse Effect. Except as would not reasonably be expected to have individually or in the aggregate, a Material Adverse Effect, the present value of the accrued benefit liabilities (whether or not vested) under each Foreign Plan that is funded, determined as of the end of the most recently ended fiscal year of the Parent or Subsidiary, as applicable, on the basis of actuarial assumptions, each of which is reasonable, did not exceed the current value of the property of such Foreign Plan by a material amount, and for each Foreign Plan that is not funded, the obligations of such Foreign Plan are properly accrued.

SECTION 3.13 Environmental Matters. Except with respect to any matters that, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect, none of the Credit Parties and their respective Subsidiaries (a) has failed to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, (b) knows of any basis for any permit, license or other approval required under any Environmental Law to be revoked, canceled, limited, terminated, modified, appealed or otherwise challenged, (c) has or could reasonably be expected to become subject to any Environmental Liability, (d) has received notice of any claim, complaint, proceeding, investigation or inquiry with respect to any Environmental Liability (and no such claim, complaint, proceeding, investigation or inquiry is pending or, to the knowledge of the Parent, is threatened or contemplated) or (e) knows of any facts, events or circumstances that could give rise to any basis for any Environmental Liability with respect thereto.

SECTION 3.14 Investment Company Act. None of the Credit Parties is an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940.

SECTION 3.15 Sanctions; Export Controls; Anti-Corruption; AML Laws.

(a) None of the Credit Parties and their respective Subsidiaries and no director, officer, or affiliate of the foregoing is a Person that is: (i) the subject of any sanctions administered or enforced by the United States (including, but not limited to, those administered by the U.S. Department of the Treasury's Office of Foreign Assets Control, the U.S. Department of State, and the U.S. Department of Commerce's Bureau of Industry and Security) ("Sanctions"), (ii) organized or resident in a country or territory that is the subject of country-wide or region-wide Sanctions (including, currently, Crimea, Cuba, Iran, North Korea, and Syria) (each a "Sanctioned Country") or located in a Sanctioned Country except to the extent authorized under Sanctions or (iii) a Person with whom dealings are restricted or prohibited by Sanctions as a result of a relationship of ownership or control with a Person listed in (i) or (ii) (each of (i), (ii) and (iii) is a "Sanctioned Person").

(b) For the period beginning eight (8) years prior to the date hereof, each of the Credit Parties and their respective Subsidiaries and their respective directors, officers and employees and, to the knowledge of the Credit Parties, such respective affiliates, have been, in all material respects, in compliance with the Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder (the "FCPA") and any other applicable anti-bribery or anti-corruption laws and regulations

(collectively with the FCPA, the "Anticorruption Laws") and all applicable Sanctions, Export Control Laws, and AML Laws.

SECTION 3.16 Solvency. The Borrower and its Subsidiaries are Solvent on a consolidated basis after giving effect to the borrowing of the Loans.

SECTION 3.17 Subsidiaries. Schedule 3.17 sets forth the name of, and the ownership interests of the Parent and each of its Subsidiaries and indicates which of such Subsidiaries are Excluded Subsidiaries as of the date hereof.

SECTION 3.18 Senior Indebtedness. The Loans, the Obligations and the Guaranteed Obligations constitute "senior indebtedness" (or any other similar or comparable term) under and as defined in the documentation governing any Indebtedness of the Credit Parties that is subordinated in right of payment to any other Indebtedness thereof.

SECTION 3.19 Insurance Matters. The properties of the Credit Parties are insured pursuant to Section 5.06 hereof. Each insurance policy required to be maintained by the Credit Parties pursuant to Section 5.06 is in full force and effect and all premiums in respect thereof that are due and payable have been paid.

SECTION 3.20 Labor Matters. Except as would not reasonably be expected to have individually or in the aggregate, a Material Adverse Effect, (a) there are no strikes, lockouts, slowdowns or other material labor disputes against any Credit Party or any of its Subsidiary thereof pending or, to the knowledge of the Credit Parties, threatened, (b) the Credit Parties and their respective Subsidiaries have complied with all applicable federal, state, local and foreign Laws relating to the employment (or termination thereof), the hours worked by and payments made to employees of the Parent and its Subsidiaries comply with the Fair Labor Standards Act and any other applicable federal, state, local or foreign Law dealing with such matters and (c) all payments due from the Credit Parties and their respective Subsidiaries, or for which any claim may be made against the Credit Parties and their respective Subsidiaries, on account of wages and employee health and welfare insurance and other benefits, have been paid or properly accrued in accordance with GAAP as a liability on the books of the Parent or such Subsidiary. There are no complaints, unfair labor practice charges, grievances, arbitrations, unfair employment practices charges or any other claims or complaints against the Credit Parties or their respective Subsidiaries pending or, to the knowledge of the Credit Parties, threatened to be filed with any Governmental Authority or arbitrator based on, arising out of, in connection with, or otherwise relating to the employment or termination of employment of any employee of the Credit Parties and their respective Subsidiaries that would, individually or in the aggregate, be reasonably expected to result in a Material Adverse Effect.

SECTION 3.21 Insolvency Proceedings. None of the Credit Parties has taken, and none of the Credit Parties is currently evaluating taking, any action to seek relief or commence proceedings under any Debtor Relief Law in any applicable jurisdiction.

SECTION 3.22 Margin Regulations. The Borrower is not engaged and will not engage, principally or as one of its important activities, in the business of purchasing or carrying Margin Stock, or extending credit for the purpose of purchasing or carrying Margin Stock, and no part of the proceeds of any Borrowing hereunder will be used to buy or carry any Margin Stock. Following the application of the proceeds of each Borrowing, not more than 25% of the value of the assets (either of the Borrower only or of the Borrower and its Subsidiaries on a consolidated basis) will be Margin Stock.

SECTION 3.23 Liens. There are no Liens of any nature whatsoever on any Collateral other than Liens permitted under Section 6.02 hereof.

SECTION 3.24 Perfected Security Interests.

(a) As of the Closing Date (or such later date as permitted under Section 5.14) and as of the date of each Borrowing, the Security Documents, taken as a whole, are effective to create in favor of the Collateral Agent for the benefit of the Secured Parties a legal, valid and enforceable first priority security interest in all of the Collateral to the extent purported to be created thereby.

(b) As of the Closing Date (or such later date as permitted under Section 5.14) and as of the date of each Borrowing, each Credit Party has or shall have satisfied the Perfection Requirement with respect to the Collateral.

SECTION 3.25 US Citizenship. 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.

SECTION 3.26 Air Carrier Status. The Borrower is an "air carrier" within the meaning of Section 40102 of Title 49, holds a certificate under Section 41102 of Title 49 and, during the time period from April 1, 2019 to September 30, 2019, derived more than 50% of its air transportation revenue from the transportation of passengers. The Borrower holds an air carrier operating certificate issued pursuant to Chapter 447 of Title 49. The Borrower possesses all necessary certificates, franchises, licenses, permits, rights, designations, authorizations, exemptions, concessions, frequencies and consents which relate to the operation of the routes flown by it and the conduct of its business and operations as currently conducted, except where failure to do so, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

SECTION 3.27 Cybersecurity. Except as could not reasonably be expected, either individually or in the aggregate, to have a Material Adverse Effect, the information technology assets, equipment, systems, networks, software, hardware, and the computers, websites, applications and databases used by or on behalf of the Credit Parties in connection with any of the Carrier Collateral Loyalty Programs (collectively, "IT Systems") (i) are adequate for the operation of the Carrier Collateral Loyalty Programs as currently conducted and for the Processing of the Loyalty Program Data as currently conducted, and (ii) are free and clear of all bugs, errors, defects, Trojan horses, time bombs, malware and other corruptants. Except as could not reasonably be expected, either individually or in the aggregate, to have a Material Adverse Effect, (i) the Credit Parties have implemented and maintained commercially reasonable (taking into account the nature, scope and sensitivity of the information) policies, procedures, and safeguards designed to maintain and protect all Loyalty Program Data and confidential information (including Trade Secrets) included in the Collateral and the integrity, continuous operation, redundancy and security of all IT Systems and data and (ii) there have been no breaches, cyberattacks (including ransomware attacks) or unauthorized uses of or accesses to the IT Systems or any Loyalty Program Data, Trade Secrets or confidential information stored therein or processed thereby, except for those that have been fully remedied.

SECTION 3.28 Loyalty Program Agreements. The Credit Parties have delivered or made available to the Initial Lender complete and correct copies of each of the Material Loyalty Program Agreements. Each of the Material Loyalty Program Agreements is in full force and effect and except as could not reasonably be expected, either individually or in the aggregate, to have a Material Adverse Effect, none of the Credit Parties has knowledge of or has received notice of (i) any breach, (ii) change in law or (iii) force majeure event, in the case of (ii) and (iii) as defined under the applicable Material Loyalty

Program Agreement, that would prevent such Credit Party and/or the applicable counterparty from performing its respective obligations under such Material Loyalty Program Agreement.

ARTICLE IV

CONDITIONS

SECTION 4.01 Closing Date and Initial Borrowing. The effectiveness of this Agreement and the funding of the initial Borrowing hereunder are subject to the satisfaction (or waiver in accordance with Section 11.02) of the following conditions (and, in the case of each document specified in this Section to be received by the Initial Lender (and the applicable Agent or Agents), such document shall be in form and substance satisfactory to the Initial Lender and/or the applicable Agent or Agents):

(a) Executed Counterparts. The Initial Lender and the Agents shall have received from each party hereto a counterpart of this Agreement, any Security Documents to which it is a party and the Note, each signed on behalf of such party. Notwithstanding anything herein to the contrary, delivery of an executed counterpart of a signature page of this Agreement or any Security Documents by telecopy or other electronic means, or confirmation of the execution of this Agreement on behalf of a party by an email from an authorized signatory of such party shall be effective as delivery of a manually executed counterpart of this Agreement.

(b) Certificates. The Initial Lender and any applicable Agent shall have received such customary certificates of resolutions or other action, incumbency certificates and/or other certificates of Responsible Officers of the Credit Parties as the Lenders may require evidencing the identity, authority and capacity of each Responsible Officer thereof authorized to act as a Responsible Officer in connection with the Loan Documents;

(c) Organizational Documents. The Initial Lender shall have received customary resolutions or evidence of corporate authorization, secretary's certificates and such other documents and certificates (including Organizational Documents and good standing certificates) as the Initial Lender may request relating to the organization, existence and good standing of each Credit Party and any other legal matters relating to the Credit Parties, the Loan Documents or the transactions contemplated thereby.

(d) Opinion of Counsel to Credit Parties. The Initial Lender and the applicable Agent or Agents shall have received all opinions of counsel (including any additional opinions of counsel as required under any Security Document) to the Credit Parties that is acceptable to the Initial Lender, addressed to the Initial Lender and the applicable Agent or Agents and dated the Closing Date, in form and substance satisfactory to the Initial Lender and the applicable Agent (and the Parent hereby instructs such counsel to deliver such opinions to such Persons).

(e) Beneficial Ownership Regulation Information. At least five (5) days prior to the Closing Date, the Borrower shall deliver to the Initial Lender a Beneficial Ownership Certification.

(f) Expenses. The Borrower shall have paid all reasonable fees, expenses (including the fees and expenses of legal counsel) and other amounts due to the Initial Lender, the Administrative Agent and the Collateral Agent (to the extent that statements for such expenses shall have been delivered to the Borrower on or prior to the Closing Date); provided that such expenses payable by the Borrower may be offset against the proceeds of the Loans funded on the Closing Date.

(g) Officer's Certificate. The Initial Lender shall have received a certificate executed by a Responsible Officer of the Parent and the Borrower confirming (i) that the representations and warranties contained in Article III of this Agreement are true and correct on and as of the Closing Date, (ii) that the information provided in the Loan Application Form submitted by the Borrower was true and correct on and as of the date of delivery thereof, (iii) the satisfaction of such condition and (iv) that no Default or Event of Default exists or will result from the borrowing of the Loans on the Closing Date.

(h) Other Documents. The Initial Lender and the Agents shall have received such other documents as it may request.

(i) Appraisals. The Initial Lender shall have received Appraisals satisfactory in form and substance and performed by an Eligible Appraiser dated as of a date no earlier than thirty (30) days prior to the Closing Date.

(j) Security Interests. Each Credit Party shall have, and caused its Subsidiaries to, take any action and execute and deliver, or cause to be executed and delivered, any agreement, document or instrument required in order to create a valid, perfected first priority security interest in the Collateral in favor of the Collateral Agent for the benefit of the Secured Parties (including delivery of UCC financing statements in appropriate form for filing under the UCC and of the Intellectual Property security agreements included in the Required Filings and entering into control agreements). Each Credit Party shall have satisfied, and caused its Subsidiaries to satisfy, the Perfection Requirement with respect to the Collateral. In addition, the Credit Parties shall have delivered a completed Perfection Certificate (as defined in the Pledge and Security Agreement).

(k) Consents and Authorizations. Each Credit Party shall have obtained all consents and authorizations from Governmental Authorities and all consents of other Persons (including shareholder approvals, if applicable) that are necessary or advisable in connection with this Agreement, any Loan Document, any of the transactions contemplated hereby or thereby or the continuing operations of the Credit Parties and each of the foregoing shall be in full force and effect and in form and substance satisfactory to the Initial Lender.

(l) Lien Searches. The Initial Lender shall have received (i) UCC, Intellectual Property and other lien searches conducted in the jurisdictions and offices where liens on material assets of the Credit Parties are required to be filed or recorded and (ii) to the extent Collateral consists of (x) Aircraft and Engine Assets (as defined in the Pledge and Security Agreement), aircraft registry lien searches conducted with the FAA and the International Registry, and (y) Spare Part Assets (as defined in the Pledge and Security Agreement), registry lien searches conducted with the FAA (with reference to each Designated Spare Parts Location set forth on Schedule 2.1 of the Pledge and Security Agreement), in each case, reflecting the absence of Liens on the assets of the Credit Parties, other than Permitted Liens or Liens to be discharged on or prior to the Closing Date pursuant to documentation satisfactory to the Initial Lender.

(m) Collateral Coverage Ratio. On the Closing Date (and after giving pro forma effect to any Borrowings on such date), the Collateral Coverage Ratio shall not be less than 2.0 to 1.0.

(n) Solvency Certificate. The Initial Lender shall have received a certificate of the chief financial officer or treasurer (or other comparable officer) of the Parent certifying that the

Borrower and its Subsidiaries (taken as a whole) are, and will be immediately after giving effect to any Loans borrowed on the Closing Date, Solvent.

(o) Warrant Agreement. Treasury and the Parent shall have entered into the Warrant Agreement.

(p) Loyalty Revenue Advance Transactions. On the Closing Date, the aggregate outstanding balance of Loyalty Revenue Advance Transactions shall not exceed an aggregate amount equal to $15,000,000.

(q) Control Agreements. The Initial Lender and the Collateral Agent shall have received fully executed copies of account control agreements in form and substance satisfactory to the Initial Lender with respect to the Collateral Accounts.

(r) [Reserved].

(s) Loyalty Partner Direct Agreements. The Initial Lender and the Collateral Agent shall have received duly executed Direct Agreements from the counterparties to each Material Loyalty Program Agreement in effect on the Closing Date substantially in the form of Exhibit D hereto.

(t) Other Matters. Since June 29, 2020, (i) there has been no event or circumstance that, either individually or in the aggregate, has had or could reasonably be expected to have a Material Adverse Effect and (ii) none of the Credit Parties has made a Disposition (including any sale of Currency) of any assets of the type that would be included in the Collateral had this Agreement been in effect at such time other than as would have been permitted under Section 6.04(b), (d), (e) or (h).

SECTION 4.02 Each Borrowing. The funding by the Lenders of each Borrowing (including the Borrowing to be requested on the Closing Date) is additionally subject to the satisfaction of the following conditions:

(a) the Administrative Agent shall have received a written Borrowing Request in accordance with the requirements of Section 2.03(a), with a copy to the Initial Lender (solely to the extent the Initial Lender is a Lender at the time of such Borrowing);

(b) the representations and warranties of the Credit Parties set forth in this Agreement and in any other Loan Document shall be true and correct in all material respects (or, in the case of any such representation or warranty already qualified by materiality, in all respects) on and as of the date of such Borrowing (or, in the case of any such representation or warranty expressly stated to have been made as of a specific date, as of such specific date);

(c) no Default shall have occurred and be continuing or would result from such Borrowing or from the application of proceeds thereof;

(d) on the date of the funding of such Borrowing (and after giving pro forma effect thereto and the pledge of any Additional Collateral), the Collateral Coverage Ratio shall not be less than 2.0 to 1.0 as evidenced by a certificate of a Responsible Officer of the Parent;

(e) [Reserved];

(f) the Initial Lender shall have received satisfactory evidence that (x) each Material Loyalty Program Agreement (other than Material Loyalty Programs that have been replaced as permitted under this Agreement) has and (y) Loyalty Program Agreements representing 90% of Loyalty Program Revenues (excluding revenues generated under any Loyalty Subscription Program) in the aggregate over the immediately preceding twelve (12) calendar month period then ended have, in each case, an expiration date that is at least six (6) months after the Maturity Date (without giving effect to the proviso in the definition thereof);

(g) on the date of such Borrowing, 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 the 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; and

(h) on or prior to the date of such Borrowing, each Credit Party shall have satisfied the Perfection Requirement with respect to the Collateral.

Each Borrowing Request by the Borrower hereunder and each Borrowing shall be deemed to constitute a representation and warranty by the Borrower on and as of the date of the applicable Borrowing as to the matters specified in clauses (b) and (c) above in this Section.

ARTICLE V

AFFIRMATIVE COVENANTS

Until all the later of (i) the date on which all of the Obligations shall have been paid in full and (ii) such later date specified in this Agreement, the Credit Parties covenant and agree with the Lenders that:

SECTION 5.01 Financial Statements. The Parent will furnish to the Administrative Agent and each Lender:

(a) as soon as available, and in any event within ninety (90) days after the end of each fiscal year of the Parent (or, if earlier, five (5) days after the date required to be filed with the SEC) (commencing with the fiscal year ended prior to the Closing Date), a consolidated balance sheet of the Parent and its Subsidiaries as at the end of such fiscal year and the related consolidated statements of income or operations, shareholders' equity and cash flows for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year, audited and accompanied by a report and opinion of independent public accountants of nationally recognized standing, which report and opinion shall be prepared in accordance with generally accepted auditing standards (and shall not be subject to any "going concern" or like qualification (other than a qualification solely resulting from (x) the impending maturity of any Indebtedness or (y) any prospective or actual default under any financial covenant), exception or explanatory paragraph or any qualification, exception or explanatory paragraph as to the scope of such audit) to the effect that such consolidated financial statements present fairly in all material respects the financial condition, results of operations, shareholders' equity and cash flows of the Parent and its Subsidiaries on a consolidated basis in accordance with GAAP consistently applied;

(b) as soon as available, but in any event within forty-five (45) days after the end of each of the first three (3) fiscal quarters of each fiscal year of the Parent (or, if earlier, five

(5) days after the date required to be filed with the SEC) (commencing with the first of such fiscal quarters ended prior to the Closing Date), a consolidated balance sheet of the Parent and its Subsidiaries as at the end of such fiscal quarter, the related consolidated statements of income or operations, shareholders' equity and cash flows for such fiscal quarter and for the portion of the Parent's fiscal year then ended, in each case setting forth in comparative form, as applicable, the figures for the corresponding fiscal quarter of the previous fiscal year and the corresponding portion of the previous fiscal year, certified by a Financial Officer of the Parent as fairly presenting in all material respects the financial condition, results of operations, shareholders' equity and cash flows of the Parent and its Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject only to normal year-end audit adjustments and the absence of notes;

(c) for so long as the Initial Lender is the only Lender, as soon as available, but in any event no later than seventy-five (75) days after the beginning of each fiscal year of the Parent, forecasts prepared by management of the Parent and a summary of material assumptions used to prepare such forecasts, in form satisfactory to the Initial Lender, including projected consolidated balance sheets and statements of income or operations and cash flows of the Parent and its Subsidiaries on a quarterly basis for such fiscal year; and

(d) solely at the request of the Appropriate Party (which shall be no more than quarterly), at a time mutually agreed with the Appropriate Party and the Parent, participate in a conference call for Lenders to discuss the financial condition and results of operations of the Parent and its Subsidiaries and any forecasts which have been delivered pursuant to this Section 5.01.

SECTION 5.02 Certificates; Other Information. The Parent will deliver to the Administrative Agent and each Lender:

(a) [Reserved];

(b) concurrently with the delivery of the financial statements referred to in Sections 5.01(a) and (b), a duly completed certificate signed by a Responsible Officer of the Parent certifying as to whether a Default has occurred and, if a Default has occurred, specifying the details thereof and any action taken or proposed to be taken with respect thereto;

(c) [Reserved];

(d) promptly after the furnishing thereof, copies of any notice of default or potential default or other material written notice received by the Parent or any Subsidiary from, or furnished by the Parent or any Subsidiary to, any holder of Material Indebtedness of the Parent or any Subsidiary;

(e) promptly after receipt thereof by any Credit Party or any Subsidiary thereof, copies of each material notice or other material written correspondence received from the SEC (or comparable agency in any applicable non-U.S. jurisdiction) concerning any investigation or possible investigation or other inquiry by such agency regarding material financial or other material operational results of any Credit Party or any Subsidiary thereof;

(f) [Reserved];

(g) promptly following any request therefor, (i) such other information regarding the operations, business, properties, liabilities (actual or contingent), condition (financial or

otherwise) or prospects of any Credit Party or any Subsidiary, or compliance with the terms of the Loan Documents, as the Administrative Agent, the Initial Lender or any other Lender (acting through the Administrative Agent) may from time to time request; or (ii) beneficial ownership information and documentation reasonably requested by the Administrative Agent or any Lender from time to time for purposes of ensuring compliance with Sanctions and AML Laws. For purposes of determining whether or not a representation with respect to any indirect ownership is true or a covenant is being complied with under this Section, the Parent shall not be required to make any investigation into (i) the ownership of publicly traded stock or other publicly traded securities or (ii) the ownership of assets by a collective investment fund that holds assets for employee benefit plans or retirement arrangements;

(h) concurrently with the delivery of the financial statements referred to in Sections 5.01(a) and (b), a duly completed certificate signed by a Responsible Officer of the Borrower certifying as to its compliance with Article X of this Agreement;

(i) knowledge or notice of any event or circumstance that has had or is reasonably expected to (i) result in a material reduction or suspension of payments under any Material Loyalty Program Agreement or any Loyalty Subscription Program or (ii) have a material adverse effect on the ability of a Credit Party and/or any counterparty to a Material Loyalty Program Agreement to perform its material obligations thereunder;

(j) certificates with reasonably detailed calculations of the Collateral Coverage Ratio on each CCR Certificate Delivery Date and the Debt Service Coverage Ratio on each DSCR Determination Date; and

(k) no later than ten (10) Business Days following the last day of each March, June, September and December (commencing December 31, 2020), deliver a certificate of a Responsible Officer of the Parent (i) setting forth the name of each new Material Loyalty Program Agreement entered into as of such date and each of the parties thereto, (ii) certifying that all Loyalty Program Revenue for the immediately preceding calendar quarter were deposited, directly or indirectly, into the Collection Account or another Collateral Account (and at least 90% of all Loyalty Program Revenues (excluding revenues generated under any Loyalty Subscription Program) were deposited directly into a Collateral Account) and (iii) setting forth in reasonable detail and in form satisfactory to the Appropriate Party (x) all Loyalty Program Revenues and related cash flows for the immediately preceding calendar quarter and (y) for so long as the Initial Lender is the only Lender, projected Loyalty Program Revenues for the current calendar quarter.

(l) no later than ten (10) Business Days following the last day of each March, June, September and December (commencing December 31, 2020), deliver a certificate of a Responsible Officer of the Parent (i) setting forth the name of each Excluded Closing Date Program in effect as of such date, (ii) verifying that revenues from the Excluded Closing Date Programs, individually and in the aggregate, were less than seventy five million dollars ($75,000,000) in the immediately preceding twelve (12) month period and (iii) setting forth in reasonable detail and in form satisfactory to the Appropriate Party all revenues and related cash flows for the immediately preceding twelve (12) month period for each Excluded Closing Date Program.

Documents required to be delivered pursuant to Section 5.01(a) or (b) or Section 5.02(c), (d) or (e) (to the extent any such documents are included in materials otherwise filed with the SEC) may be delivered electronically and, if so delivered, shall be deemed to have been delivered on the date (i) on which such materials are publicly available as posted on the Electronic Data Gathering, Analysis and

Retrieval system (EDGAR); or (ii) on which such documents are posted on the Parent's behalf on an Internet or intranet website, if any, to which each Lender and the Administrative Agent have access (whether a commercial, third-party website or whether sponsored by the Administrative Agent); provided that: (A) upon written request by the Administrative Agent, the Parent shall deliver paper copies of such documents to the Administrative Agent or any Lender upon its request to the Parent to deliver such paper copies until a written request to cease delivering paper copies is given by the Administrative Agent or such Lender and (B) the Parent shall notify the Administrative Agent and each Lender (by facsimile or electronic mail) of the posting of any such documents and provide to the Lenders by electronic mail electronic versions (i.e., soft copies) of such documents. The Administrative Agent shall have no obligation to request the delivery of or to maintain paper copies of the documents referred to above.

SECTION 5.03 Notices. The Parent will promptly notify the Administrative Agent and each Lender of:

(a) promptly after any Responsible Officer of Parent or any of its Subsidiaries obtains knowledge thereof, the occurrence of any Default;

(b) the filing or commencement of any action, suit, investigation or proceeding by or before any arbitrator or Governmental Authority against or affecting the Parent or any Controlled Affiliate thereof, including pursuant to any applicable Environmental Laws, that could reasonably be expected to be adversely determined, and, if so determined, could reasonably be expected to have a Material Adverse Effect;

(c) the occurrence of any ERISA Event that, either individually or together with any other ERISA Events, could reasonably be expected to have a Material Adverse Effect;

(d) notice of any action arising under any Environmental Law or of any noncompliance by any Credit Party or any Subsidiary with any Environmental Law or any permit, approval, license or other authorization required thereunder that, if adversely determined, could reasonably be expected to have a Material Adverse Effect;

(e) to the extent not publicly disclosed pursuant to an SEC filing of the Parent, any material change in accounting or financial reporting practices by the Parent, any Credit Party or any Subsidiary;

(f) any change in the Credit Ratings from a Credit Rating Agency with negative implications, or the cessation by a Credit Rating Agency of, or its intent to cease, rating the Borrower's or the Parent's debt; and

(g) any matter or development that has had or could reasonably be expected to have a Material Adverse Effect.

Each notice delivered under this Section shall be accompanied by a statement of a Responsible Officer of the Parent setting forth the details of the occurrence requiring such notice and stating what action the Parent has taken and proposes to take with respect thereto.

SECTION 5.04 Preservation of Existence, Etc. Each Credit Party will, and will cause each of its Subsidiaries to, (a) preserve, renew and maintain in full force and effect its legal existence and good standing under the Laws of the jurisdiction of its organization except in a transaction permitted by Section 6.03 or 6.04; (b) take all reasonable action to maintain all rights, licenses, permits, privileges and franchises necessary or desirable in the normal conduct of its business, except to the extent that failure to do

so could not reasonably be expected to have a Material Adverse Effect; and (c) preserve or renew all of its registered patents, trademarks, trade names and service marks, the non-preservation of which could reasonably be expected to have a Material Adverse Effect.

SECTION 5.05 Maintenance of Properties. Each Credit Party will, and will cause each of its Subsidiaries to, (a) maintain, preserve and protect all of its properties and equipment necessary in the operation of its business in good working order and condition (ordinary wear and tear excepted) and (b) make all necessary repairs thereto and renewals and replacements thereof, except to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect.

SECTION 5.06 Maintenance of Insurance. Subject to any additional requirements under any Security Document, each Credit Party will maintain with financially sound and reputable insurance companies, insurance with respect to its properties and business against loss or damage of the kinds customarily insured against by Persons engaged in the same or similar business, of such types and in such amounts (after giving effect to any self-insurance reasonable and customary for similarly situated Persons engaged in the same or similar businesses as Parent and its Subsidiaries; provided that, insurance in respect of Collateral shall be maintained with such third party insurance companies except to the extent expressly permitted in the Pledge and Security Agreement) as are customarily carried under similar circumstances by such Persons.

SECTION 5.07 Payment of Obligations. Each Credit Party will pay, discharge or otherwise satisfy as the same shall become due and payable, all of its obligations and liabilities, including Tax liabilities, except to the extent (a) the same are being contested in good faith by appropriate proceedings diligently conducted and adequate reserves in accordance with GAAP are being maintained by the Parent or such Credit Party or (b) the failure to do so could not reasonably be expected to have a Material Adverse Effect.

SECTION 5.08 Compliance with Laws. Each Credit Party will, and will cause each of its Subsidiaries to, comply with the requirements of all Laws and all orders, writs, injunctions and decrees applicable to it or to its business or property, except to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect.

SECTION 5.09 Environmental Matters. Except to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect, each Credit Party will, and will cause each of its Subsidiaries to, (a) comply with all Environmental Laws, (b) obtain, maintain in full force and effect and comply with any permits, licenses or approvals required for the facilities or operations of the Parent or any of its Subsidiaries, and (c) conduct and complete any investigation, study, sampling or testing, and undertake any corrective, cleanup, removal, response, remedial or other action necessary to identify, report, remove and clean up all Hazardous Materials present or released at, on, in, under or from any of the facilities or real properties of the Parent or any of its Subsidiaries.

SECTION 5.10 Books and Records. Each Credit Party will maintain proper books of record and account, in which full, true and correct entries in conformity with GAAP consistently applied shall be made of all financial transactions and matters involving the assets and business of the Parent or such Subsidiary, as the case may be.

SECTION 5.11 Inspection Rights. Each Credit Party will, and, to the extent relevant for inspections of Collateral will cause each of its Subsidiaries to, permit representatives, agents and independent contractors of the Administrative Agent, the Initial Lender and the Special Inspector General for Pandemic Recovery to visit and inspect any of its properties (including all Collateral), to examine its corporate, financial and operating records, and make copies thereof or abstracts therefrom, and to discuss its

affairs, finances and accounts with its directors, officers, and independent public accountants, all at the reasonable expense of the Parent and at such reasonable times during normal business hours and as often as may be reasonably requested; provided that, other than with respect to such visits and inspections during the continuation of an Event of Default or by the Initial Lender or the Special Inspector General for Pandemic Recovery, (a) only the Administrative Agent (or its representatives, agents and independent contractors) at the direction of a Lender may exercise rights under this Section and (b) the Administrative Agent (or its representatives, agents and independent contractors) shall not exercise such rights more often than two (2) times during any calendar year; provided, further, that when an Event of Default exists the Administrative Agent, any Lender or the Special Inspector General for Pandemic Recovery (or any of their respective representatives, agents or independent contractors) may do any of the foregoing under this Section at the expense of the Parent and at any time during normal business hours and without advance notice.

SECTION 5.12 Sanctions; Export Controls; Anti-Corruption Laws and AML Laws. Each Credit Party and its Subsidiaries will remain in compliance in all material respects with applicable Sanctions, Export Control Laws, Anticorruption Laws, and AML Laws. Until all Obligations have been paid in full, neither any Credit Party, any Subsidiary of a Credit Party, nor any director or officer of any Credit Party or any Subsidiary of a Credit Party shall become a Sanctioned Person or a Person that is organized or resident in a Sanctioned Country or located in a Sanctioned Country except to the extent authorized under Sanctions.

SECTION 5.13 Guarantors; Additional Collateral.

(a) The Guarantors listed on the signature page to this Agreement hereby Guarantee the Guaranteed Obligations as set forth in Article IX. If any Subsidiary (other than an Excluded Subsidiary) is formed or acquired after the Closing Date, if any Subsidiary ceases to be an Excluded Subsidiary or if required in connection with the addition of Additional Collateral, then the Parent will cause such Subsidiary, promptly (in any event, within thirty (30) days of such Subsidiary being formed or acquired or of such Subsidiary ceasing to be an Excluded Subsidiary), (i) to become a Guarantor of the Loans pursuant to joinder documentation reasonably acceptable to the Appropriate Party and on the terms and conditions set forth in Article IX, (ii) to become a party to each applicable Security Document and all other agreements, instruments or documents that create or purport to create and perfect a first priority Lien (subject to Permitted Liens) in favor of the Collateral Agent for the benefit of the Secured Parties in its assets that are of a type that are intended to be included in the Collateral (other than any Excluded Assets), subject to and in accordance with the terms, conditions and provisions of the Loan Documents, (iii) to satisfy the Perfection Requirement, (iv) to deliver a secretary's certificate of such Subsidiary, in form and substance reasonably acceptable to the Appropriate Party, with appropriate insertions and attachments, and (v) to deliver legal opinions relating to the matters described above, which opinions shall be in form and substance, and from counsel, satisfactory to the Appropriate Party.

(b) If the Parent or any Subsidiary desires, or is required pursuant to the terms of this Agreement, to add Additional Collateral or, if any Subsidiary acquires any existing Collateral from a Grantor (as defined in the Pledge and Security Agreement) that it is required pursuant to the terms of this Agreement to maintain as Collateral, in each case, after the Closing Date, the Parent shall, in each case at its own expense, promptly (in any event, unless any other time period is specified in this Agreement or any other Loan Document, within thirty (30) days of the relevant date) (i) cause any such Subsidiary to become a Grantor (to the extent such Subsidiary is not already a Grantor) pursuant to joinder documentation acceptable to the Appropriate Party and on the terms and conditions set forth in the relevant Security Documents, (ii) cause any such Subsidiary to become a party to each applicable Security Document and all other agreements, instruments or documents that create or purport to create and perfect a first priority Lien (subject to Permitted Liens) in favor of the Collateral Agent for the benefit of the

Secured Parties applicable to such Collateral, in form and substance satisfactory to the Appropriate Party (it being understood that in the case of any Additional Collateral of a type, or in a jurisdiction, that has not been theretofore included in the Collateral, such Additional Collateral may be subject to such additional terms and conditions as requested by the Appropriate Party), (iii) promptly execute and deliver (or cause such Subsidiary to execute and deliver) to the Collateral Agent such documents and take such actions to create, grant, establish, preserve and perfect the first priority Liens (subject to Permitted Liens) (including to obtain any release or termination of Liens not permitted under the definition of "Additional Collateral" in Section 1.01 or under Section 6.02 and to satisfy all Perfection Requirements, including the filing of UCC financing statements, filings with the FAA and registrations with the International Registry, as applicable) in favor of the Collateral Agent for the benefit of the Secured Parties on such assets of the Parent or such Subsidiary, as applicable, to secure the Obligations to the extent required under the applicable Security Documents or reasonably requested by the Appropriate Party, and to ensure that such Collateral shall be subject to no other Liens other than Permitted Liens and (iv) if requested by the Appropriate Party, deliver (or cause such Subsidiary to deliver) legal opinions to the Collateral Agent, for the benefit of the Secured Parties, relating to the matters described above, which opinions shall be in form and substance, and from counsel, satisfactory to the Appropriate Party.

(c) If at any time, the Excluded Closing Date Programs, when taken individually or in the aggregate, generated seventy five million dollars ($75,000,000) or more in revenue within the immediately preceding twelve (12) month period, the Borrower shall promptly (and, in any event, within ten (10) Business Days of such date) designate one or more of the Excluded Closing Date Programs to immediately and automatically cease to be "Excluded Collateral Programs," including for the purposes of the definitions of "Carrier Loyalty Programs" and "Carrier Collateral Loyalty Programs," such that the revenue derived from all Excluded Collateral Programs, in the aggregate, does not exceed the threshold specified in the definition thereof, and all provisions of the Loan Documents that pertain to such "Carrier Loyalty Programs" or "Carrier Collateral Loyalty Programs" (including Section 2.1 of the Security Document) shall immediately and automatically apply thereto, provided that if the Borrower fails to meet its designation obligation set forth in this Section 5.13(c) within ten (10) Business Days, all Excluded Closing Date Programs shall immediately and automatically cease to be "Excluded Collateral Programs." Promptly following such Excluded Closing Date Programs becoming Carrier Loyalty Programs and Carrier Collateral Loyalty Programs, the Credit Parties shall execute and deliver (or cause any relevant Subsidiary to execute and deliver) to the Collateral Agent such documents and take such actions to create, grant, establish, preserve and protect the first priority Liens (subject to Permitted Liens) (including to obtain any release or termination of Liens not permitted under Section 6.02 and satisfy all Perfection Requirements, including the filing of updated UCC financing statements as applicable) in favor of the Collateral Agent for the benefit of the Secured Parties on the Loyalty Program Assets of such Excluded Closing Date Programs that cease to be Excluded Collateral Programs and become Carrier Loyalty Programs and Carrier Collateral Loyalty Programs pursuant to this Section, to secure the Obligations to the extent required under the applicable Security Documents or reasonably requested by the Appropriate Party to ensure that such Collateral shall be subject to no Liens other than Permitted Liens and, if requested by the Appropriate Party, deliver (or cause such Subsidiary to deliver) legal opinions to the Collateral Agent, for the benefit of the Secured Parties, relating to the matters described above, which opinions shall be in form and substance, and from counsel, satisfactory to the Appropriate Party.

SECTION 5.14 Post-Closing Matters. As promptly as practicable, and in any event within the time periods after the Closing Date specified on Schedule 5.14 or such later date as the Initial Lender may agree to in writing in its sole discretion, the Parent shall deliver the documents or take the actions specified on Schedule 5.14 that would have been required to be delivered or taken on the Closing Date.

SECTION 5.15 Further Assurances. In each case subject to the terms, conditions and limitations in the Loan Documents, (a) each Credit Party shall remain in compliance with the Perfection Requirement with respect to all Collateral (including any assets, rights and properties that (x) become Collateral after the Closing Date and (y) any permitted replacement or substitute assets, rights and properties thereof (including any Additional Collateral) and (b) each Credit Party shall, promptly and at its expense, execute any and all further documents and instruments and take all further actions, that may be required or advisable under applicable law or that the Initial Lender, the Administrative Agent or the Collateral Agent may request, in order to create, grant, establish, preserve, protect, renew or perfect the validity, perfection or first priority of the Liens and security interests created or intended to be created by the Security Documents, in each case to the extent required under this Agreement or the Security Documents (including with respect to any additions to the Collateral (including any Additional Collateral) or replacements, substitutes or proceeds thereof or with respect to any other property or assets hereafter acquired by any Credit Party that are of a type that are intended to be included in the Collateral). Promptly following the entry by any Credit Party into any Material Loyalty Program Agreement after the Closing Date, the Parent will enter into and cause the counterparty to enter into a Direct Agreement substantially in the form of Exhibit D hereto.

SECTION 5.16 Delivery of Appraisals. The Parent shall (1) within ten (10) Business Days prior to the last Business Day of March and September of each year, beginning with March 31, 2021 and (2) promptly (but in any event within thirty (30) days) following request by the Administrative Agent (acting at the direction of the Required Lenders) if an Event of Default has occurred and is occurring, deliver to the Administrative Agent one or more Appraisals determining the Appraised Value of the Collateral. In addition, on the date upon which any Additional Collateral is pledged as Collateral to the Collateral Agent for the benefit of the Secured Parties to secure the Obligations, but only with respect to such Additional Collateral, the Parent shall deliver to the Administrative Agent one or more Appraisals determining the Appraised Value of such Additional Collateral.

SECTION 5.17 Ratings. At any time when the Initial Lender is a Lender, the Borrower shall, upon request by the Initial Lender, use its reasonable best efforts to obtain a public rating in respect of the Loans by any two of S&P, Moody's and Fitch in connection with any contemplated assignment of, or participation in, the Loans.

SECTION 5.18 Regulatory Matters.

(a) US Citizenship. The Borrower will at all times maintain its status as 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.

(b) Air Carrier Status. The Borrower will at all times maintain its status as an "air carrier" within the meaning of Section 40102 of Title 49 and holds a certificate under Section 41102 of Title 49. The Borrower will at all times possess an air carrier operating certificate issued pursuant to Chapter 447 of Title 49. The Borrower will at all times possess all necessary certificates, franchises, licenses, permits, rights, designations, authorizations, exemptions, concessions, frequencies and consents which relate to the operation of the routes flown by it and the conduct of its business and operations as currently conducted, except where failure to do so, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

SECTION 5.19 Loyalty Programs; Loyalty Program Agreements.

(a) Loyalty Programs. The Parent will, and will cause each of its Subsidiaries to, take all actions necessary to maintain the existence, business and operations of the Carrier Collateral

Loyalty Programs as in effect on the Closing Date or on terms at least as favorable to the Lenders, as determined by the Appropriate Party in its sole discretion, except as otherwise expressly permitted under this Agreement.

(b) Loyalty Program Agreements. The Parent will, and will cause each of its Subsidiaries to, take any action permitted under the Material Loyalty Program Agreements and applicable law that it, in its reasonable business judgment, determines is advisable, in order to diligently and promptly (i) enforce its rights and any remedies available to it under the Material Loyalty Program Agreements, (ii) perform its obligations under the Material Loyalty Program Agreements and (iii) use reasonable best efforts to cause the applicable counterparties to perform their obligations under the related Material Loyalty Program Agreements, including such counterparties' obligations to make payments to and indemnify the applicable Credit Parties in accordance with the terms thereof, in each case except as would not (1) be materially adverse to the Lenders or (2) reasonably be expected to result in a Material Adverse Effect.

SECTION 5.20 Collections; Accounts; Payments.

(a) The Credit Parties shall (x) instruct and use their reasonable best efforts to cause counterparties to all Material Loyalty Program Agreements to direct payments of all Loyalty Program Revenue into the Collection Account and (y) cause sufficient counterparties to the Loyalty Program Agreements to direct payments of Loyalty Program Revenue into the Collection Account (in the case of Loyalty Program Revenue generated under any Material Loyalty Program Agreement, pursuant to a Direct Agreement) such that during any DSCR Test Period, at least 90% of Loyalty Program Revenue (excluding revenues generated under any Loyalty Subscription Program) for such period is deposited directly into the Collection Account. Promptly following the entry by any Credit Party into any Material Loyalty Program Agreement after the Closing Date, the applicable Credit Party will enter into and cause the counterparty to enter into a Direct Agreement with respect to such Material Loyalty Program Agreement. To the extent the Parent, any Subsidiary or any of their respective Controlled Affiliates receives any payments of Loyalty Program Revenues to an account other than the Collection Account, such Person shall ACH or wire transfer as soon as practicable, but in any event within three (3) Business Days of receipt, any such amounts to the Collection Account. All amounts in the Collection Account shall be conclusively presumed to be Collateral and proceeds of Collateral, and the Agents and the Lenders shall have no duty to inquire as to the source of the amounts on deposit in the Collection Account. No Credit Party shall revoke, or permit to be revoked, any payment direction included in any Direct Agreement other than in connection with a replacement Collection Account (which shall be at a depository institution satisfactory to the Appropriate Party).

(b) Each account control agreement with respect to each Blocked Account shall require, after the occurrence and during the continuance of a Payment Event, the ACH or wire transfer no less frequently than once per Business Day (unless the Obligations are no longer outstanding), of all collected and available funds in such Blocked Account (net of such minimum balance, not to exceed $25,000, as may be required to be kept in the subject Blocked Account by the account bank), to an account in the name of the Borrower maintained by the Administrative Agent at The Bank of New York Mellon (the "Payment Account") or such other account as directed by the Administrative Agent. The Payment Accounts and the Blocked Accounts shall be non-interest bearing accounts. Funds on deposit in the Blocked Accounts and the Payment Accounts shall be uninvested. All amounts in the Blocked Account shall be conclusively presumed to be Collateral and proceeds of Collateral, and the Agents and the Lenders shall have no duty to inquire as to the source of the amounts on deposit in the Blocked Account. The Borrower may at any time elect to apply amounts on deposit in the Blocked Account to

prepay the Loans, by requesting that the Collateral Agent instruct the account bank to withdraw such amounts for such prepayment.

(c) The Payment Account shall at all times be under the sole dominion and control of the Collateral Agent and shall be subject to an account control agreement in form and substance satisfactory to the Appropriate Party. The Credit Parties hereby acknowledge and agree that (i) the Credit Parties have no right of withdrawal from the Payment Account, (ii) the funds on deposit in the Payment Account shall at all times be collateral security for all of the Obligations, and (iii) the funds on deposit in the Payment Account shall be applied to repay the Loans. All amounts in the Payment Account shall be conclusively presumed to be Collateral and proceeds of Collateral, and the Agents and the Lenders shall have no duty to inquire as to the source of the amounts on deposit in the Payment Account. Upon payment in full of the Loans and all Obligations under this Agreement (other than contingent indemnification or reimbursement obligations not yet accrued and payable) and termination of the Commitments, any remaining amounts in the Payment Account will be released and transferred to a deposit account of the Credit Parties as the Borrower shall direct.

ARTICLE VI

NEGATIVE COVENANTS

Until all the later of (i) the date on which all of the Obligations shall have been paid in full and (ii) such later date specified in this Agreement, the Credit Parties covenant and agree with the Lenders that:

SECTION 6.01 [Reserved].

SECTION 6.02 Liens. Parent will not, and will not permit any of its Subsidiaries to, create, incur, assume or suffer to exist any Lien upon any property or assets constituting Collateral, whether now owned or hereafter acquired, except for Permitted Liens.

SECTION 6.03 Fundamental Changes. Parent will not, and will not permit any of its Subsidiaries to, merge, dissolve, liquidate, consolidate with or into another Person, or Dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to or in favor of any Person, except that, so long as no Default exists or would result therefrom:

(a) any Subsidiary may merge with (i) the Borrower; provided that the Borrower shall be the continuing or surviving Person, or (ii) any one or more other Subsidiaries; provided that (x) when any Wholly-Owned Subsidiary is merging with another Subsidiary, a Wholly-Owned Subsidiary shall be the continuing or surviving Person and (y) when any Subsidiary that is a Credit Party is merging with another Subsidiary, then such other Subsidiary shall be a Credit Party;

(b) any Subsidiary may Dispose of all or substantially all of its assets (upon voluntary liquidation or otherwise) to the Parent or to another Subsidiary; provided that (x) if the transferor in such a transaction is a Wholly-Owned Subsidiary, then the transferee shall either be the Parent or another Wholly-Owned Subsidiary and (y) if the transferor in such a transaction is a Credit Party, then the transferee shall be a Credit Party;

(c) the Parent and its Subsidiaries may make Dispositions permitted by Section 6.04;

(d) any Investment permitted by Section 6.06 may be structured as a merger, consolidation or amalgamation;

(e) any Subsidiary may dissolve, liquidate or wind up its affairs if it owns no material assets, engages in no business and otherwise has no activities other than activities related to the maintenance of its existence and good standing; and

(f) any Subsidiary may Dispose of all or substantially all of its assets (upon voluntary liquidation or otherwise); provided that such assets do not constitute all or substantially all of the consolidated assets of the Parent and its Subsidiaries.

SECTION 6.04 Dispositions. Parent will not, and will not permit any of its Subsidiaries to, sell or otherwise make any Disposition of Collateral or enter into any agreement to make any sale or other Disposition of Collateral (in each case, including, without limitation by way of any sale or other Disposition of any Guarantor), except, subject to Article X and so long as no Default shall have occurred and be continuing at the time of any action described below, or would result therefrom:

(a) the Disposition of Collateral expressly permitted under the applicable Security Documents;

(b) any licenses or sublicenses (i) granted on a non-exclusive basis to customers or service providers in the ordinary course of business or to business partners in the ordinary course of business in a manner and subject to terms consistent with past practice or (ii) granted pursuant to any Loyalty Program Agreement in full force and effect as of the Closing Date, any successor agreement thereto or any new Loyalty Program Agreement, in each case that is included in the Collateral (provided that any such grant pursuant to such new or successor agreement is made in the ordinary course of business in a manner and subject to terms substantially similar with those of the predecessor Loyalty Program Agreement or with any Loyalty Program Agreement in full force and effect as of the Closing Date, as the case may be);

(c) any abandonment, lapse, forfeiture or dedication to the public, in the ordinary course of business, of any Intellectual Property that, in the applicable Credit Party's reasonable good faith judgment, is no longer used and no longer useful in the business of the Borrower or its Subsidiaries;

(d) any (1) deletion, de-identification or purge of any Personal Data that is required under applicable Privacy Laws, under any of the Credit Parties' public-facing privacy policies in full force and effect as of the Closing Date or in the ordinary course of business (including in connection with terminating inactive Carrier Collateral Loyalty Program accounts) pursuant to the applicable Credit Party's privacy and data retention policies in full force and effect as of the Closing Date consistent with past practice, (2) transfer of any Loyalty Program Data to services providers for their Processing of such data on behalf of any of the Credit Parties in the ordinary course of business, subject to a prohibition on deletion, de-identification and purging, except as permitted under clause (1) or (3) transfer of any Loyalty Program Data to a third party in the ordinary course of business to the extent such Credit Party also retains a copy of such Loyalty Program Data;

(e) the sale, lease or other transfer any Currency under any Loyalty Program in accordance with any Loyalty Program Agreement as in existence on the Closing Date (or any (i) permitted successor agreement thereto or (ii) new Loyalty Program Agreement permitted under this Agreement, in each case that is included in the Collateral) or subsequently approved by the Appropriate Party;

(f) Loyalty Revenue Advance Transactions in an aggregate amount (together with any Loyalty Revenue Advance Transactions outstanding on the Closing Date that remain outstanding) not to exceed an amount equal to the greater of (x) $15,000,000 and (y) 15% of the aggregate amount of Collateral Cash Flow received during the most recently ended DSCR Test Period that has been deposited into a Collateral Account;

(g) to the extent constituting a Disposition of Collateral, the incurrence of Liens that are permitted to be incurred pursuant to Section 6.02;

(h) to the extent constituting a Disposition of Collateral, (1) the sale or other transfer of Currency in the ordinary course of business under the terms of the Loyalty Program Agreements and (2) transfers of Currency to Loyalty Program Members in the ordinary course of business in accordance with program terms;

(i) Dispositions of Collateral among the Credit Parties (including any Person that shall become a Credit Party simultaneous with such Disposition in the manner contemplated by Section 5.13); provided that:

(i) such Collateral remains at all times subject to a Lien with the same priority and level of perfection as was the case immediately prior to such Disposition (and otherwise subject only to Permitted Liens) in favor of the Collateral Agent for the benefit of the Secured Parties following such Disposition;

(ii) concurrently therewith, the Credit Parties shall execute any documents and take any actions reasonably required to create, grant, establish, preserve or perfect such Lien in accordance with the other provisions of this Agreement or the Security Documents;

(iii) if requested by the Appropriate Party, concurrently therewith the Appropriate Party shall receive an opinion of counsel to the applicable Credit Party as to the validity and perfection of such Lien on the Collateral, in each case in form and substance satisfactory to the Appropriate Party; and

(iv) concurrently with any Disposition of Collateral to any Person that shall become a Credit Party simultaneous with such Disposition in the manner contemplated by Section 5.13, such Person shall have complied with the requirements of Section 5.13;

(j) any Disposition of property resulting from an event of loss with respect to any aircraft, airframe, engine, spare engine or Spare Parts if the Credit Party is replacing such aircraft, airframe, engine, spare engine or Spare Parts in accordance with the terms of the Loan Documents;

(k) any Disposition of Collateral permitted by any of the Security Documents; and

(l) Dispositions of cash or Cash Equivalents in exchange for other cash or Cash Equivalents constituting Collateral and having reasonably equivalent value therefor.

SECTION 6.05 Restricted Payments. Parent will not, and will not permit any of its Subsidiaries to, declare or make, directly or indirectly, any Restricted Payment, or incur any obligation (contingent or otherwise) to do so, except, that, subject to additional restrictions set forth in Article X, so long as no Default shall have occurred and be continuing at the time of any action described below or would result therefrom:

(a) each Subsidiary may make Restricted Payments to the Parent and any other Person that owns an Equity Interest in such Subsidiary, ratably according to their respective holdings of such Equity Interests in respect of which such Restricted Payment is being made;

(b) the Parent and each Subsidiary may declare and make dividend payments or other distributions payable solely in common Equity Interests of such Person;

(c) the Parent and each Subsidiary may purchase, redeem or otherwise acquire Equity Interests issued by it with the proceeds received from the substantially concurrent issue of new common Equity Interests;

(d) the Parent and each Subsidiary may pay withholding or similar taxes payable by any future, present or former employee, director or officer (or any spouses, former spouses, successors, executors, administrators, heirs, legatees or distributees of any of the foregoing) in connection with any repurchases of Equity Interests or the exercise of stock options;

(e) 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 the Parent or its Subsidiaries to cover withholding tax obligations of such persons in respect of such issuance;

(f) payments of cash, dividends, distributions, advances, common stock or other Restricted Payments by the Parent or any of its Subsidiaries to allow the payment of cash in lieu of the issuance of fractional shares upon (A) the exercise of options or warrants, (B) the conversion or exchange of capital stock of any such Person or (C) the conversion or exchange of Indebtedness or hybrid securities into capital stock of any such Person;

(g) the Parent may make cash payments in connection with any conversion or exchange of Convertible Indebtedness in amount equal to the sum of (i) the principal amount of such Convertible Indebtedness and (ii) the proceeds of any payments received by the Parent or any of its Subsidiaries pursuant to the exercise, settlement or termination of any related Permitted Bond Hedge Transaction;

(h) the Parent may make payments in connection with a Permitted Bond Hedge Transaction (i) by delivery of shares of the Parent's Equity Interests upon net share settlement thereof or (ii) by (A) set-off against the related Permitted Bond Hedge Transaction and (B) payment of an early termination amount thereof in common Equity Interests of the Parent upon any early termination thereof; and

(i) Restricted Payments not to exceed the amount allowable pursuant to Schedule 6.05(i).

SECTION 6.06 Investments. Parent will not, and will not permit any of its Subsidiaries to, make any Investments, except:

(a) Investments held by the Parent or such Subsidiary in the form of cash or Cash Equivalents;

(b) (i) Investments in Subsidiaries in existence on the Closing Date, (ii) other Investments in existence on the Closing Date and listed in Section I to Schedule 6.06 and (iii) other Investments described on Section II of Schedule 6.06, and, in each case, any refinancing, refunding, renewal or extension of any such Investment that does not increase the amount thereof;

(c) advances to officers, directors and employees of the Parent and its Subsidiaries in an aggregate amount not exceeding, at any time outstanding, an amount that is customary and consistent with past practice, for travel, entertainment, relocation and similar ordinary business purposes;

(d) (x) Investments of the Parent in the Borrower or any other Credit Party, (y) Investments of any Subsidiary in the Parent or any other Credit Party and (z) Investments made between Subsidiaries that are not Credit Parties; provided that any such Investments made pursuant to this clause (d) in the form of intercompany indebtedness incurred by a Credit Party and owed to a Subsidiary that is not a Credit Party shall be subordinated to the Obligations and the Guaranteed Obligations on customary terms (it being understood and agreed that any Investments permitted under this clause (d) in the form of intercompany indebtedness that are not already subordinated on such terms as of the Closing Date shall not be required to be so subordinated until the date that is thirty (30) days after the Closing Date);

(e) Investments consisting of extensions of credit in the nature of accounts receivable or notes receivable arising from the grant of trade credit in the ordinary course of business, and Investments received in satisfaction or partial satisfaction thereof from financially troubled account debtors to the extent reasonably necessary in order to prevent or limit loss;

(f) Investments consisting of the indorsement by the Parent or any Subsidiary of negotiable instruments payable to such Person for deposit or collection in the ordinary course of business;

(g) to the extent constituting an Investment, transactions otherwise permitted by Sections 6.03 and 6.05;

(h) any Investments received in compromise or resolution of (i) obligations of trade creditors or customers that were incurred in the ordinary course of business of Parent or any of its Subsidiaries, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer or (ii) litigation, arbitration or other disputes;

(i) Investments represented by obligations in respect of Swap Contracts that are not speculative in nature and that are entered into to hedge or mitigate risks to which the Parent or any of its Subsidiaries has (or will have) actual exposure (other than those in respect of the Equity Interests or Indebtedness of the Parent or any of its Subsidiaries);

(j) accounts receivable arising in the ordinary course of business;

(k) any guarantee of Indebtedness of Parent or any Subsidiary of Parent other than any guarantee of Indebtedness secured by Liens that would not be permitted under Section 6.02;

(l) Investments to the extent that payment for such Investment is made with the capital stock of the Parent;

(m) 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 (n) that are at the time outstanding, not to exceed 30% of the total consolidated assets of the Parent and its Subsidiaries at the time of such Investment;

(n) Permitted Bond Hedge Transactions to the extent constituting Investments; and

(o) Investments in Finance Entities in the ordinary course of business of the Parent and its Subsidiaries or that are otherwise customary for airlines based in the United States.

SECTION 6.07 Transactions with Affiliates. Parent will not, and will not permit any of its Subsidiaries to, enter into any transaction of any kind involving aggregate payments or consideration in excess of $50,000,000 with any Affiliate of the Parent, whether or not in the ordinary course of business, other than on fair and reasonable terms substantially as favorable to the Parent or such Subsidiary as would be obtainable by the Parent or such Subsidiary at the time in a comparable arm's-length transaction with a Person other than an Affiliate, subject to delivery of (x) with respect to any transaction or series of related transactions involving aggregate consideration in excess of $100,000,000, a certificate of a Responsible Officer of the Parent certifying as to compliance with the foregoing and (y) with respect to any transaction or series of related transactions involving aggregate consideration in excess of $150,000,000, an opinion as to the fairness to the Parent or such Subsidiary of such transaction from a financial point of view issued by an accounting, appraisal or investment banking firm of national standing (provided that this clause (y) shall not apply to any transaction between or among the Parent or any of its Subsidiaries and any Finance Entities); provided that, subject to Article X, the foregoing restriction shall not apply to:

(a) transactions between or among the Parent and any Wholly-Owned Subsidiaries,

(b) Restricted Payments permitted by Section 6.05,

(c) Investments permitted by Section 6.06(b), or (c) or (d),

(d) transactions described in Schedule 6.07,

(e) 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 the Parent or any of its Subsidiaries in the ordinary course of business and payments pursuant thereto, and

(f) 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 the Parent or any of its Subsidiaries.

SECTION 6.08 [Reserved].

SECTION 6.09 [Reserved].

SECTION 6.10 Changes in Nature of Business. Parent will not, and will not permit any of its Subsidiaries to, engage to any material extent in any business other than those businesses conducted

by the Parent and its Subsidiaries on the date hereof or any business reasonably related or incidental thereto or representing a reasonable expansion thereof.

SECTION 6.11 Sanctions; AML Laws. Parent will not, and will not permit any of its Subsidiaries to, directly or knowingly indirectly, use the proceeds of the Loans, or lend, contribute or otherwise make available such proceeds to any Subsidiary, joint venture partner or other Person to fund any activities or business of or with any Person in a manner that would result in a violation of Sanctions or AML Laws by any Person.

SECTION 6.12 Amendments to Organizational Documents. Parent will not, and will not permit any of its Subsidiaries to amend, modify, or grant any waiver or release under or terminate in any manner, any Organizational Documents in any manner materially adverse to, or which would impair the rights of, the Lenders.

SECTION 6.13 [Reserved]

SECTION 6.14 Prepayments of Junior Indebtedness. Parent will not, and will not permit any of its Subsidiaries to, make any principal payment on, or redeem, repurchase, defease or otherwise acquire or retire for value, in each case prior to any scheduled repayment, sinking fund payment or maturity, any Indebtedness secured by junior Liens on the Collateral or that is subordinated in right of payment to the Obligations, in each case other than in connection with a Permitted Refinancing of such Indebtedness.

SECTION 6.15 Lobbying. Parent will not, and will not permit any of its Subsidiaries to, directly, or to the Parent or such Subsidiary's knowledge, indirectly, use the proceeds of the Loans, or lend, contribute, or otherwise make available such proceeds to any other Person (i) for publicity or propaganda purposes designated to support or defeat legislation pending before the U.S. Congress or (ii) to fund any activities that would constitute "lobbying activities" as defined under 2 U.S.C. § 1602. The Parent shall, and shall cause its subsidiaries to, comply with the provisions of 31 U.S.C. § 1352, as amended, and with the regulations at 31 CFR Part 21.

SECTION 6.16 Use of Proceeds. Parent will not, and will not permit any of its Subsidiaries to, use the proceeds of the Loans for any purpose other than for general corporate purposes and operating expenses (including payroll, rent, utilities, materials and supplies, repair and maintenance, and scheduled interest payments on other Indebtedness incurred before February 15, 2020), in each case in compliance with all applicable law to the extent permitted by the CARES Act; provided however that the proceeds of the Loans shall not be used for any non-operating expenses (including capital expenses, delinquent taxes and payments of principal on other Indebtedness), unless the Parent can demonstrate, to the satisfaction of the Initial Lender, that payment of any such non-operating expense is necessary to optimize the continued operations of the Parent's business and does not merely constitute a transfer of risk from an existing creditor or investor to the Federal taxpayer.

SECTION 6.17 Financial Covenants.

(a) Liquidity. The Parent will not permit the aggregate amount of Liquidity at the close of any Business Day to be less than $2,000,000,000.

(b) Collateral Coverage Ratio.

(i) Within ten (10) Business Days after (x) the last day of March and September of each year (beginning with March 2021) or (y) any date on which an Appraisal is delivered pursuant to clause (2) of Section 5.16 (each such date in clauses (x) and (y), a "CCR

Reference Date" and the tenth Business Day after a CCR Reference Date, a "CCR Certificate Delivery Date"), the Parent shall deliver to the Administrative Agent a certificate of a Responsible Officer of the Parent containing a calculation of the Collateral Coverage Ratio (a "CCR Certificate").

(ii) If the Collateral Coverage Ratio with respect to any CCR Reference Date is less than 1.60 to 1.00, the Borrower shall, no later than ten (10) Business Days after the applicable CCR Certificate Delivery Date, (x) prepay any outstanding Loans such that following such prepayment, the Collateral Coverage Ratio with respect to such CCR Reference Date, recalculated by subtracting any such prepaid portion of the Loans, shall be no less than 1.60 to 1.00 and/or (y) designate Additional Collateral as additional Eligible Collateral and comply with Sections 5.13 and 5.15, collectively, in an amount such that following such designation, the Collateral Coverage Ratio with respect to such CCR Reference Date, recalculated by adding such Additional Collateral, shall be no less than 1.60 to 1.00.

(iii) At the Parent's request, the Lien on any Additional Collateral will be 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 2.00 to 1.00 (or in the case of a swap or exchange of existing Additional Collateral with new Additional Collateral, less than 1.60 to 1.00) or (y) the Parent shall prepay or cause to be prepaid the Loans and/or shall designate Eligible Collateral as Additional Collateral and comply with Sections 5.13 and 5.15, collectively, in an amount necessary to cause the Collateral Coverage Ratio to not be less than 2.00 to 1.00 (or in the case of a swap or exchange of existing Additional Collateral with new Additional Collateral, less than 1.60 to 1.00) and (c) the Parent shall deliver a certificate executed by a Responsible Officer demonstrating compliance with this Section 6.17(b)(iii).

(c) Debt Service Coverage Ratio.

(i) On each DSCR Determination Date, the Parent shall deliver to the Administrative Agent a certificate of a Responsible Officer of the Parent (x) containing a calculation of the Debt Service Coverage Ratio and (ii) certifying that all Loyalty Program Revenue for such DSCR Test Period has been deposited, directly or indirectly, into the Collection Account or another Collateral Account (and at least 90% of all Loyalty Program Revenues (excluding revenues generated under any Loyalty Subscription Program) were deposited directly into a Collateral Account); and

(ii) if the Debt Service Coverage Ratio with respect to any DSCR Determination Date is less than 1.75 to 1.00 (a "DSCR Trigger Event"), then the Parent and the Subsidiaries shall cause an amount equal to at least 50% of all Loyalty Program Revenues received thereafter to be transferred (as such payments are received) from the Collection Account to a Blocked Account to be held for the benefit of the Lenders (which amounts on deposit in the Blocked Account may be used to prepay the Loans at the option of the Borrower, upon request to the Collateral Agent) until the first DSCR Determination Date on which the Debt Service Coverage Ratio is 1.75 to 1.00 or more, whereupon such amounts may be transferred from the Blocked Account to the Collection Account following a request to the Collateral Agent;

(iii) if the Debt Service Coverage Ratio with respect to any DSCR Determination Date is less than or equal to 1.50 to 1.00 but greater than 1.25 to 1.00, then (x) all amounts then deposited in the Blocked Account shall be applied to prepay the Loans and (y) the Parent and the Subsidiaries shall cause an amount equal to at least 50% of all Loyalty Program

Revenues received thereafter to be transferred (as such payments are received) from the Collection Account to the Payment Account with all such amounts deposited into the Payment Account to be applied to the prepayment of any Loans then outstanding until the first DSCR Determination Date on which the Debt Service Coverage Ratio is greater than 1.50 to 1.00; and

(iv) if the Debt Service Coverage Ratio with respect to any DSCR Determination Date is less than or equal to 1.25 to 1.00, then (x) all amounts then deposited in the Blocked Account shall be applied to prepay the Loans and (y) the Parent and the Subsidiaries shall cause an amount equal to at least 75% of all Loyalty Program Revenues received thereafter to be transferred (as such payments are received) from the Collection Account to the Payment Account with all such amounts deposited into the Payment Account to be applied to the prepayment of any Loans then outstanding until the first DSCR Determination Date on which the Debt Service Coverage Ratio is greater than 1.25 to 1.00.

ARTICLE VII

EVENTS OF DEFAULT

SECTION 7.01 Events of Default. If any of the following events (each, an "Event of Default") shall occur:

(a) the Borrower shall fail to pay any principal of any Loan when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or otherwise;

(b) the Borrower shall fail to pay any interest on any Loan, or any fee or any other amount (other than an amount referred to in clause (a) of this Section) payable under this Agreement or under any other Loan Document, when and as the same shall become due and payable, and such failure shall continue unremedied for a period of two (2) or more Business Days;

(c) any representation or warranty made or deemed made by or on behalf of any Credit Party, including those made prior to the Closing Date, in or in connection with this Agreement, the Loan Application Form or any other Loan Document or any amendment or modification hereof or thereof, or any waiver hereunder or thereunder, or in any report, certificate, financial statement or other document furnished pursuant to or in connection with this Agreement, the Loan Application Form or any other Loan Document or any amendment or modification hereof or thereof, or any waiver hereunder or thereunder, shall prove to have been incorrect in any material respect (or, in the case of any such representation or warranty under this Agreement, the Loan Application Form or any other Loan Document already qualified by materiality, such representation or warranty shall prove to have been incorrect) when made or deemed made;

(d) any Credit Party shall fail to observe or perform any covenant, condition or agreement contained in Section 5.03(a), 5.04 (with respect to the Borrower's existence) or in Article VI or Article X;

(e) any Credit Party shall fail to observe or perform any covenant, condition or agreement contained in this Agreement or any other Loan Document (other than those specified in clause (a), (b) or (d) of this Section) and such failure shall continue unremedied for a period of

thirty (30) or more days after notice thereof by the Administrative Agent or the Initial Lender to the Parent;

(f) (i) Any Credit Party or any Subsidiary thereof shall fail to make any payment when due (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise) in respect of any Material Indebtedness (other than Indebtedness under this Agreement) and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument governing such Material Indebtedness; or (ii) any Credit Party or any Subsidiary thereof shall fail to observe or perform any other agreement or condition relating to any such Indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event occurs, the effect of which default or other event results in the holder or holders or beneficiary or beneficiaries of such Indebtedness (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) causing such Indebtedness to become due or to be repurchased, prepaid, defeased or redeemed (automatically or otherwise), or causing an offer to repurchase, prepay, defease or redeem such Indebtedness to be made, prior to its stated maturity; provided that this clause (f)(ii) shall not apply to secured Indebtedness that becomes due as a result of the voluntary sale or transfer (or disposition of property as a result of a casualty or condemnation event) of the property or assets securing such Indebtedness, if such sale or transfer is permitted hereunder and under the documents providing for such Indebtedness and such Indebtedness is repaid when required under the documents providing for such Indebtedness;

(g) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of any Credit Party or any Material Subsidiary thereof or its debts, or of a substantial part of its assets, under any Debtor Relief Law now or hereafter in effect or (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for any Credit Party or any Material Subsidiary thereof or for a substantial part of its assets, and, in any such case, such proceeding or petition shall continue undismissed for a period of sixty (60) or more days or an order or decree approving or ordering any of the foregoing shall be entered;

(h) any Credit Party or any Material Subsidiary thereof shall (i) voluntarily commence any proceeding or file any petition seeking liquidation, reorganization or other relief under any Debtor Relief Law now or hereafter in effect, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (g) of this Section, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Parent or any of its Subsidiaries or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors or (vi) take any action for the purpose of effecting any of the foregoing;

(i) any Credit Party or any Material Subsidiary thereof shall become unable, admit in writing its inability or fail generally to pay its debts as they become due;

(j) there is entered against any Credit Party or any Material Subsidiary thereof (i) a final judgment or order for the payment of money in an aggregate amount (as to all such judgments and orders) exceeding $260,000,000 (to the extent not covered by independent third-party insurance as to which the insurer has been notified of such judgment or order and has not denied or failed to acknowledge coverage), or (ii) a non-monetary final judgment or order that, either individually or in the aggregate, has or could reasonably be expected to have a Material Adverse Effect and, in either case, (A) enforcement proceedings are commenced by any creditor

upon such judgment or order, or (B) there is a period of thirty (30) consecutive days during which a stay of enforcement of such judgment, by reason of a pending appeal or otherwise, is not in effect;

(k) an ERISA Event occurs with respect to a Pension Plan or Multiemployer Plan that has resulted or could reasonably be expected to result in liability of any Credit Party under Title IV of ERISA to the Pension Plan, Multiemployer Plan or the PBGC that, either individually or in the aggregate, has or could reasonably be expected to have a Material Adverse Effect;

(l) [Reserved];

(m) any material provision of any Loan Document, at any time after its execution and delivery and for any reason other than as expressly permitted hereunder or thereunder or satisfaction in full of all Obligations, ceases to be in full force and effect; or any Credit Party or any other Person who is a party to any Loan Document contests in writing the validity or enforceability of any provision of any Loan Document; or any Credit Party denies in writing that it has any or further liability or obligation under any Loan Document, or purports in writing to revoke, terminate or rescind any Loan Document;

(n) any Lien purported to be created under any Security Document shall cease to be, or shall be asserted in writing by any Credit Party not to be, a legal, valid and perfected Lien on any material portion of the Collateral (individually or in the aggregate), with the priority required by the applicable Security Documents, except (i) as a result of the sale or other Disposition of the applicable Collateral to a Person that is not a Credit Party in a transaction not prohibited under the Loan Documents or (ii) as a result of either Agent's failure to maintain possession of any stock certificates, promissory notes or other instruments delivered to it under the Security Documents or (iii) as a result of acts or omissions with respect to possessory collateral held by the Collateral Agent pursuant to this Agreement;

(o) any Guarantee of any Obligations by any Credit Party under any Loan Document shall cease to be in full force in effect (other than in accordance with the terms of the Loan Documents);

(p) a default or breach by any Credit Party of its material obligations under a Material Loyalty Program Agreement beyond any applicable notice and cure periods thereunder;

(q) an exit from, or a termination or cancellation of, any Carrier Collateral Loyalty Program (and in the case of any Loyalty Subscription Program, such program as a whole by a Credit Party, and not any individual cancellation or termination by a consumer) in effect on the Closing Date or any Material Loyalty Program Agreement other than in connection with any replacement expressly permitted hereunder;

(r) any material provision of any Material Loyalty Program Agreement, at any time after its execution and delivery and for any reason other than as expressly permitted hereunder or thereunder or satisfaction in full of all Obligations, ceases to be in full force and effect; or any Credit Party contests in writing the validity or enforceability of any provision of any Material Loyalty Program Agreement; or any Credit Party denies in writing that it has any or further liability or obligation under any Material Loyalty Program Agreement, or purports in writing to revoke, terminate or rescind any Material Loyalty Program Agreement; or

(s) any Credit Party makes a Material Modification to a Material Loyalty Program Agreement without the prior written consent of the Required Lenders.

then, and in every such event (other than an event described in clause (g) or (h) of this Section), and at any time thereafter during the continuance of such event, the Initial Lender may, and the Administrative Agent may, and at the request of the Required Lenders or the Initial Lender shall, by notice to the Borrower, take any or all of the following actions, at the same or different times:

(i) declare the Loans then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and all fees and other Obligations of the Credit Parties accrued hereunder, shall become due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower and the other Credit Parties; and

(ii) exercise on behalf of itself and the Lenders all rights and remedies available to it and the Lenders under the Loan Documents and Applicable Law;

provided that, in case of any event described in clause (g) or (h) of this Section, the principal of the Loans then outstanding, together with accrued interest thereon and all fees and other Obligations accrued hereunder, shall automatically become due and payable, in each case without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Credit Parties.

SECTION 7.02 Application of Payments. Notwithstanding anything herein to the contrary, following the occurrence and during the continuance of an Event of Default, and notice thereof to the Initial Lender and the Administrative Agent by the Borrower or the Required Lenders, all payments received on account of the Obligations shall be applied by the Administrative Agent as follows:

(i) first, to payment of that portion of the Obligations constituting fees, indemnities, expenses and other amounts (including fees and disbursements and other charges of counsel payable under Section 11.03 and amounts payable under an Administrative Agency Fee Letter (if any)) payable to the Administrative Agent and the Collateral Agent in their respective capacities as such;

(ii) second, to payment of that portion of the Obligations constituting fees, indemnities and other amounts (other than principal and interest) payable to the Lenders (including fees and disbursements and other charges of counsel payable under Section 11.03) arising under the Loan Documents, ratably among them in proportion to the respective amounts described in this clause (ii) payable to them;

(iii) third, to payment of that portion of the Obligations constituting accrued and unpaid interest on the Loans, ratably among the Lenders in proportion to the respective amounts described in this clause (iii) payable to them;

(iv) fourth, to payment of that portion of the Obligations constituting unpaid principal of the Loans ratably among the Lenders in proportion to the respective amounts described in this clause (iv) payable to them;

(v) fifth, to the payment in full of all other Obligations, in each case ratably among the Administrative Agent and the Lenders based upon the respective aggregate amounts of

all such Obligations owing to them in accordance with the respective amounts thereof then due and payable; and

(vi) finally, the balance, if any, after all Obligations have been indefeasibly paid in full, to the Borrower or as otherwise required by Law.

ARTICLE VIII

AGENCY

SECTION 8.01 Appointment and Authority. Each Lender hereby irrevocably appoints The Bank of New York Mellon to act on its behalf as the Administrative Agent and as the Collateral Agent hereunder and under the other Loan Documents and authorizes the Agents to take such actions on its behalf and to exercise such powers as are delegated to such Agent by the terms of the Loan Documents, together with such actions and powers as are reasonably incidental or related thereto; provided that notwithstanding anything in this Article VIII or this Agreement to the contrary, the terms and conditions of the relationship between the Initial Lender and the Agents shall be governed by a separate agreement between the Initial Lender and the Agents. The Borrower and the Guarantors acknowledge and agree that the Agents are Agents of the Lenders and not of the Borrower or the Guarantors. In connection with an assignment of the Loans by the Initial Lender, upon the Administrative Agent's request, the Borrower and the Agents shall enter into an Administrative Agency Fee Letter. The provisions of this Article are solely for the benefit of the Agents and the Lenders, and the Borrower shall not have rights as a third-party beneficiary of any of such provisions. Without limiting the generality of the foregoing, the Agents are hereby expressly authorized to (i) execute any and all documents (including releases) with respect to the Collateral and the rights of the Secured Parties with respect thereto, as contemplated by and in accordance with the provisions of this Agreement and the other Loan Documents and (ii) negotiate, enforce or settle any claim, action or proceeding affecting the Lenders in their capacity as such, at the direction of the Required Lenders, which negotiation, enforcement or settlement will be binding upon each Lender.

SECTION 8.02 Collateral Matters. Each of the Lenders hereby irrevocably appoints and authorizes the Collateral Agent to act as the agent of such Lender for purposes of acquiring, holding and enforcing any and all Liens on Collateral granted by any of the Credit Parties to secure any of the Obligations, together with such powers and discretion as are reasonably incidental thereto and to enter into and perform the other Loan Documents.

SECTION 8.03 Removal or Resignation of Administrative Agent. While the Initial Lender is a Lender, the Administrative Agent may be removed or give notice of its resignation subject to any conditions as separately agreed between the Initial Lender and the Administrative Agent. Any such resignation as Administrative Agent pursuant to this Section 8.03 shall also constitute its resignation as the Collateral Agent; provided that in the case of any collateral security held by the Collateral Agent on behalf of the Lenders under any of the Loan Documents, the retiring or removed Collateral Agent shall continue to hold such collateral security until such time as a successor Collateral Agent is appointed. Upon such removal or receipt of any such notice of resignation, the Initial Lender shall have the right to appoint a successor. After the Initial Lender is no longer a Lender, either Agent may resign at any time by notifying the Lenders and the Borrower in writing, and either Agent may be removed at any time with or without cause by an instrument or concurrent instruments in writing delivered to the Borrower and such Agent and signed by the Required Lenders. Upon any such resignation or removal, the Required Lenders shall have the right, with the consent of the Borrower (which consent shall not be required during the continuance of an Event of Default), to appoint a successor. If no successor shall have been so appointed by the Required Lenders (with the consent of the Borrower (which consent shall not be required during the continuance of an Event of Default)) and shall have accepted such appointment within 30 days after (i) the retiring Agent

gives notice of its resignation or (ii) the Required Lenders deliver removal instructions, then the retiring or removed Agent may, on behalf of the Lenders (with the consent of the Borrower (which consent shall not be required during the continuance of an Event of Default)), appoint a successor Agent which shall be a bank with an office in New York, New York, or an Affiliate of any such bank. If no successor Agent has been appointed pursuant to the immediately preceding sentence, such Agent's resignation or removal shall become effective and the Required Lenders shall thereafter perform all the duties of such Agent hereunder and/or under any other Loan Document until such time, if any, as the Required Lenders (with the consent of the Borrower (which consent shall not be required during the continuance of an Event of Default)) appoint a successor Administrative Agent and/or Collateral Agent, as the case may be. 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 its predecessor Agent, and its predecessor 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 an Agent's resignation hereunder, the provisions of this Article and Section 9.03 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 acting as Agent.

SECTION 8.04 Exculpatory Provisions.

(a) The Agents shall not have any duties or obligations except those expressly set forth herein and in the other Loan Documents or as separately agreed between the Initial Lender and the Agents, and its duties hereunder shall be administrative in nature. Without limiting the generality of the foregoing:

(i) neither Agent shall be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing, except that The Bank of New York Mellon shall always have a fiduciary duty to Treasury while serving as its Agent in accordance with the provisions of the separate writing between The Bank of New York Mellon and Treasury;

(ii) neither 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 as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents); and

(iii) except as expressly set forth herein and in the other Loan Documents, neither Agent shall have any duty to disclose, nor shall it be liable for the failure to disclose, any information relating to the Borrower or any of the Subsidiaries that is communicated to or obtained by the bank serving as Administrative Agent and/or Collateral Agent or any of its Affiliates in any capacity.

(b) Neither Agent shall be required to expend or risk its own funds or otherwise incur liability in the performance of any of its duties hereunder or under any other Loan Document or in the exercise of any of its rights or powers. Notwithstanding anything in any Loan Document to the contrary, prior to taking any action under this Agreement or any other Loan Document, each Agent shall be entitled to indemnification satisfactory to it in its sole discretion against all losses and expenses in connection with taking such action. Neither 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 Sections 7.01 and 11.02) or in the absence of its own gross negligence or willful misconduct as determined by the final non-appealable

judgment of a court of competent jurisdiction. Notwithstanding the foregoing, no action nor any omission to act, taken by either Agent at the direction of the Required Lenders (or such other number of percentage of Lenders as shall be expressly provided for herein or in the other Loan Documents) shall constitute gross negligence or willful misconduct. Neither Agent shall be deemed to have knowledge of any Default unless and until written notice thereof, conspicuously labeled as a "notice of default" and specifically describing such Default, is given to an Agent Responsible Officer by the Borrower or a Lender.

(c) Neither Agent shall be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document, or (v) 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 the Administrative Agent.

(d) In no event shall either Agent be responsible or liable for any failure or delay in the performance of its obligations hereunder or under any other Loan Document arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, epidemics, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services (it being understood that such Agent shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances).

(e) 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 in good faith to be genuine and to have been signed or sent by the proper Person. Each Agent may also rely upon any statement made to it orally or by telephone and believed by it in good faith to have been made by the proper Person, and shall not incur any liability for relying thereon. Delivery of reports, information and documents to an Agent is for informational purposes only and an Agent's receipt of the foregoing will not constitute actual or constructive knowledge or notice of any information contained therein or determinable from information contained therein, including the Borrower's compliance with any of its covenants hereunder. Each Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in reliance on the advice of any such counsel, accountants or experts. Any funds held by an Agent shall, unless otherwise agreed in writing with the Borrower, be held uninvested in a non-interest bearing account.

(f) Neither Agent shall have any obligation to calculate or confirm the calculation of any financial covenant contained herein.

(g) Notwithstanding anything to the contrary in any Loan Documents, neither Agent shall be responsible for the existence, genuineness or value of any of the Collateral; for filing any financing or continuation statements or recording any documents or instruments in any public office or otherwise perfecting or maintaining the perfection of any security interest in the Collateral (except, in the case of possessory Collateral, for the Collateral Agent maintaining possession of any such Collateral received by it in accordance with the terms of the Loan Documents); for the validity, perfection, priority or enforceability of the Liens in any of the Collateral; for the validity or sufficiency of the Collateral or any agreement or assignment contained therein; for the validity of the title of any grantor to the

Collateral; for insuring the Collateral; or for the payment of taxes, charges or assessments on the Collateral. The Collateral Agent agrees that it will check any possessory Collateral received by it against any itemized list in the Pledge and Security Agreement of Collateral to be delivered to it in accordance with the Pledge and Security Agreement.

SECTION 8.05 Reliance by Agents. Each Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, opinion, consent, statement, instrument, document or other writing believed by it in good faith to be genuine and to have been signed or sent by the proper Person. Each Agent may also rely upon any statement made to it orally or by telephone and believed by it in good faith to have been made by the proper Person, and shall not incur any liability for relying thereon. Delivery of reports, information and documents to an Agent is for informational purposes only and an Agent's receipt of the foregoing will not constitute actual or constructive knowledge or notice of any information contained therein or determinable from information contained therein, including the Borrower's compliance with any of its covenants hereunder. Each Agent may consult with legal counsel (who may be counsel for the Borrower), 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.

SECTION 8.06 Delegation of Duties. Each Agent may perform any and all its duties and exercise its rights and powers by or through any one or more sub-agents or attorneys appointed by it and will not be responsible for the misconduct or negligence of any agent appointed with due care. Each Agent and any such sub-agent may perform any and all its duties and exercise its rights and powers by or through their respective Related Parties.

SECTION 8.07 Non-Reliance on Agents and Other Lenders. Each Lender (other than the Initial Lender) acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties 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 (other than the Initial Lender) also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties 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 other Loan Document or any related agreement or any document furnished hereunder or thereunder.

SECTION 8.08 Administrative Agent May File Proofs of Claim. In case of the pendency of any proceeding under any Debtor Relief Law or any other judicial proceeding relative to any Credit Party, the Administrative Agent (irrespective of whether the principal of any Loan shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on the Borrower) shall be entitled and empowered (but not obligated) by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders and the Agents (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders and the Agents and their respective agents and counsel and all other amounts due the Lenders and the Agents under Section 11.03) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender to make such payments to the Administrative Agent and, in the event that the Administrative Agent shall consent to the making of such payments directly to the Lenders, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Agents and their respective agents and counsel, and any other amounts due the Agents under the Loan Documents. Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender or to authorize the Administrative Agent to vote in respect of the claim of any Lender in any such proceeding.

ARTICLE IX

GUARANTEE

SECTION 9.01 Guarantee of the Obligations. Each Guarantor jointly and severally hereby irrevocably and unconditionally guarantees to the Secured Parties, the due and punctual payment in full and performance of all Obligations (or such lesser amount as agreed by the Required Lenders in their sole discretion with respect to Obligations owed to the Lenders) when the same shall become due or required to be performed, whether at stated maturity, by required prepayment, declaration, acceleration, performance, demand or otherwise (including amounts that would become and any performance that would have been required to be taken due but for the operation of the automatic stay under Section 362(a) of the Bankruptcy Code, 11 U.S.C. § 362(a)) (collectively, the "Guaranteed Obligations").

SECTION 9.02 Payment or Performance by a Guarantor. Each Guarantor hereby jointly and severally agrees, in furtherance of the foregoing and the other terms of this Article IX and not in limitation of any other right which the Secured Parties may have at law or in equity against any Guarantor by virtue hereof, that upon the failure of the Borrower to pay or perform any of the Guaranteed Obligations when and as the same shall become due or required to be performed, whether at stated maturity, by required prepayment, declaration, acceleration, demand or otherwise (including amounts that would become due but for the operation of the automatic stay under Section 362(a) of the Bankruptcy Code, 11 U.S.C. § 362(a)), such Guarantor will pay, or cause to be paid, in cash, or perform, or cause to be performed, to the Secured Parties an amount equal to the sum of the unpaid principal amount of all Guaranteed Obligations then due as aforesaid, accrued and unpaid interest on such Guaranteed Obligations (including interest which, but for the Borrower's becoming the subject of a case under the Bankruptcy Code, would have accrued on such Guaranteed Obligations, whether or not a claim is allowed against the Borrower for such interest in the related bankruptcy case) and all other Guaranteed Obligations then owed or required to be performed to the Secured Parties as aforesaid.

SECTION 9.03 Liability of Guarantors Absolute. Each Guarantor agrees that its obligations hereunder are irrevocable, absolute, independent and unconditional and shall not be affected by any circumstance which constitutes a legal or equitable discharge of a guarantor or surety other than payment and performance in full of the Guaranteed Obligations. In furtherance of the foregoing and without limiting the generality thereof, each Guarantor agrees as follows:

(a) this Guarantee is a guarantee of payment and performance when due and not merely of collection;

(b) either Agent and any of the other Secured Parties may enforce this Guarantee upon the occurrence of an Event of Default notwithstanding the existence of any dispute between the Borrower and the Secured Parties with respect to the existence of such Event of Default;

(c) a separate action or actions may be brought and prosecuted against such Guarantor whether or not any action is brought against the Borrower or any other Guarantors and whether or not Borrower or such Guarantors are joined in any such action or actions;

(d) payment or performance by any Guarantor of a portion, but not all, of the Guaranteed Obligations shall in no way limit, affect, modify or abridge any other Guarantor's liability for any portion of the Guaranteed Obligations which has not been paid or performed;

(e) the Required Lenders, upon such terms as they deem appropriate, without notice or demand and without affecting the validity or enforceability hereof or giving rise to any reduction, limitation, impairment, discharge or termination of any Guarantor's liability hereunder, from time to time may (i) renew, extend, accelerate, increase the rate of interest on, or otherwise change the time, place, manner or terms of payment or performance of the Guaranteed Obligations; (ii) settle, compromise, release or discharge, or accept or refuse any offer of performance with respect to, or substitutions for, the Guaranteed Obligations or subordinate the payment of the same to the payment of any other obligations; (iii) release, surrender, exchange, substitute, compromise, settle, rescind, waive, alter, subordinate or modify, with or without consideration, any security for payment or performance of the Guaranteed Obligations, any other guarantees of the Guaranteed Obligations, or any other obligation of any Person (including any other Guarantor) with respect to the Guaranteed Obligations; and (iv) enforce its rights and remedies even though such action may operate to impair or extinguish any right of reimbursement or subrogation or other right or remedy of any Guarantor against the Borrower or any security for the Guaranteed Obligations; and

(f) this Guarantee and the obligations of each Guarantor hereunder shall be legal, valid and enforceable and shall not be subject to any reduction, limitation, impairment, discharge or termination for any reason (other than payment or performance in full of the Guaranteed Obligations), including any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to any defense or set-off, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality or unenforceability of any of the Guaranteed Obligations, any impossibility in the performance of any of the Guaranteed Obligations, or otherwise. Without limiting the generality of the foregoing, except for the payment and performance in full of the Guaranteed Obligations and to the fullest extent permitted by Applicable Law, the obligations of each Guarantor hereunder shall not be discharged or impaired or otherwise affected by: (i) any failure, delay or omission to assert or enforce or agreement or election not to assert or enforce, or the stay or enjoining, by order of court, by operation of law or otherwise, of the exercise or enforcement of, any claim or demand or any right, power or remedy with respect to the Guaranteed Obligations, or with respect to any security for the payment and performance of the Guaranteed Obligations; (ii) any rescission, waiver, amendment or modification of, or any consent to departure from, any of the terms or provisions hereof or any other Loan Document; (iii) the Guaranteed Obligations, or any agreement relating thereto, at any time being found to be illegal, invalid or unenforceable in any respect; (iv) the Lender's consent to the change, reorganization or termination of the corporate structure or existence of the Borrower or any of its Subsidiaries and to any corresponding restructuring of the Guaranteed Obligations; (v) the release of, or any impairment of or failure to perfect or continue perfection of or protect a security interest in, any collateral which secures any of the Guaranteed Obligations; (vi) any defenses, set-offs or counterclaims which the Borrower or any Guarantor may allege or assert against either Agent or the Lenders in respect of the Guaranteed Obligations, including failure of consideration, lack of authority, validity or enforceability, breach of warranty, payment, statute of frauds, statute of limitations, accord and satisfaction and usury; (vii) any change in the corporate existence, structure or ownership of any Credit Party, or any insolvency, bankruptcy, reorganization, examinership or other similar proceeding affecting any Credit Party or its assets or any resulting release or discharge of any of the Guaranteed Obligations; (viii) the fact that any

Person that, pursuant to the Loan Documents, was required to become a party hereto may not have executed or is not effectually bound by this Agreement, whether or not this fact is known to the Secured Parties; (ix) any action permitted or authorized hereunder; (x) any other circumstance, or any existence of or reliance on any representation by the Agents, any Secured Party or any other Person, that might otherwise constitute a defense to, or a legal or equitable discharge of, the Borrower, any Guarantor or any other guarantor or surety; and (xi) any other event or circumstance that might in any manner vary the risk of any Guarantor as an obligor in respect of the Guaranteed Obligations.

SECTION 9.04 Waivers by Guarantors. Each Guarantor hereby waives, for the benefit of the Lender: (a) any right to require the Lender, as a condition of payment or performance by such Guarantor, to (i) proceed against Borrower, any Guarantor or any other Person; (ii) proceed against or exhaust any security in favor of the Lender; or (iii) pursue any other remedy in the power of the Agents or Secured Parties whatsoever or (b) presentment to, demand for payment or performance from and protest to the Borrower or any Guarantor or notice of acceptance; and (c) any defenses or benefits that may be derived from or afforded by law which limit the liability of or exonerate guarantors or sureties, or which may conflict with the terms hereof. The Agents and the other Secured Parties may, at their election, foreclose on any security held by one or more of them by one or more judicial or nonjudicial sales, accept an assignment of any such security in lieu of foreclosure or exercise any other right or remedy available to them against the Borrower or any other Credit Party without affecting or impairing in any way the liability of any Guarantor hereunder except to the extent the Guaranteed Obligations have been paid in full. To the fullest extent permitted by Applicable Law, each Credit Party waives any defense arising out of any such election even though such election operates, pursuant to Applicable Law, to impair or to extinguish any right of reimbursement or subrogation or other right or remedy of such Credit Party against the Borrower or any other Credit Party, as the case may be, or any security.

SECTION 9.05 Guarantors' Rights of Subrogation, Contribution, etc. Until the Guaranteed Obligations shall have been paid in full, each Guarantor hereby waives any claim, right or remedy, direct or indirect, that such Guarantor now has or may hereafter have against the Borrower or any other Guarantor or any of its assets in connection with this Guarantee or the performance by such Guarantor of its obligations hereunder, including without limitation (a) any right of subrogation, reimbursement or indemnification that such Guarantor now has or may hereafter have against the Borrower with respect to the Guaranteed Obligations, (b) any right to enforce, or to participate in, any claim, right or remedy that the Agents or the Secured Parties now has or may hereafter have against the Borrower, and (c) any benefit of, and any right to participate in, any collateral or security now or hereafter held by the Agents or the Secured Parties. In addition, until the Guaranteed Obligations shall have been paid in full, each Guarantor shall withhold exercise of any right of contribution such Guarantor may have against any other guarantor (including any other Guarantor) of the Guaranteed Obligations. If any amount shall be paid to any Guarantor on account of any such subrogation, reimbursement, indemnification or contribution rights at any time when all Guaranteed Obligations shall not have been finally and paid in full, such amount shall be held in trust for the Secured Parties and shall forthwith be paid over to the Secured Parties to be credited and applied against the Guaranteed Obligations, whether matured or unmatured, in accordance with the terms hereof.

SECTION 9.06 Subordination. Any Indebtedness of the Borrower or any Guarantor now or hereafter and all rights of indemnity, contribution or subrogation under Applicable Law or otherwise held by any Guarantor (the "Obligee Guarantor") are hereby subordinated in right of payment or performance to the Guaranteed Obligations until the Guaranteed Obligations is paid and performed in full. Any amount in respect of such indebtedness or rights collected or received by the Obligee Guarantor after an Event of Default has occurred and is continuing shall be held in trust for the Secured Parties and shall forthwith be paid over to the Secured Parties to be credited and applied against the Guaranteed Obligations but without

affecting, impairing or limiting in any manner the liability of the Obligee Guarantor under any other provision hereof.

SECTION 9.07 Continuing Guarantee. This Guarantee is a continuing guarantee and shall remain in effect until all of the Guaranteed Obligations shall have been paid and performed in full. Each Guarantor hereby irrevocably waives any right to revoke this Guarantee as to future transactions giving rise to any Guaranteed Obligations.

SECTION 9.08 Financial Condition of the Borrower. The Loans may be made to the Borrower without notice to or authorization from any Guarantor regardless of the financial or other condition of the Borrower at the time of such grant. Each Guarantor has adequate means to obtain information from the Borrower on a continuing basis concerning the financial condition of the Borrower and its ability to perform its obligations under the Loan Documents, and each Guarantor assumes the responsibility for being and keeping informed of the financial condition of the Borrower and of all circumstances bearing upon the risk of nonpayment of the Guaranteed Obligations.

SECTION 9.09 Reinstatement. In the event that all or any portion of the Guaranteed Obligations are paid by the Borrower or any Guarantor, the obligations of any other Guarantor hereunder shall continue and remain in full force and effect or be reinstated, as the case may be, in the event that all or any part of such payment(s) are rescinded or recovered directly or indirectly from the Secured Parties as a preference, fraudulent transfer or otherwise must be so recovered or returned, and any such payments and amounts which are so rescinded, recovered or returned shall constitute Guaranteed Obligations for all purposes hereunder.

SECTION 9.10 Discharge of Guarantees. If, in compliance with the terms and provisions of the Loan Documents, (x) all of the Equity Interests of any Guarantor that is a Subsidiary of the Parent or any of its successors in interest hereunder shall be sold or otherwise disposed of (including by merger or consolidation) to any Person (other than to the Parent or to any other Subsidiary of Parent), the Guarantee of such Guarantor or such successor in interest, as the case may be, hereunder shall automatically be discharged and released without any further action by any beneficiary or any other Person effective as of the time of such asset sale or (y) a Guarantor becomes an Excluded Subsidiary (other than as a result of a Guarantor becoming a non-Wholly-Owned Subsidiary), the Borrower may request the release of the Guarantee of such Guarantor, whereupon the Guarantee of such Guarantor shall be discharged and released.

ARTICLE X

CARES ACT REQUIREMENTS

Notwithstanding anything in this Agreement to the contrary, the Credit Parties, on behalf of themselves and their Affiliates, represent, warrant, and agree with the Lenders that:

SECTION 10.01 CARES Act Compliance. Each Credit Party and its Subsidiaries are in compliance, and will at all times comply, with all applicable requirements under Title IV of the CARES Act, including any applicable requirements pertaining to the Borrower’s eligibility to receive the Loans. The Parent, the Borrower and their Subsidiaries will provide any information requested by the Initial Lender or Agents to assess the Borrower’s compliance with applicable requirements under Title IV of the CARES Act, its obligations under this Article X or its eligibility to receive the Loans under the CARES Act. The Borrower is not a “covered entity” as defined in Section 4019 of the CARES Act.

SECTION 10.02 Dividends and Buybacks

(a) Until the date that is twelve (12) months after the date on which the Loans are no longer outstanding, neither any Borrower Air Carrier nor any of its Affiliates (other than an Affiliate that is a natural person) shall, in any transaction, purchase an equity security of any Borrower Air Carrier or of any direct or indirect parent company of a Borrower Air Carrier or of any Subsidiary of the Parent that, in each case, is listed on a national securities exchange, except to the extent required under a contractual obligation in effect as of the date of enactment of the CARES Act.

(b) Until the date that is twelve (12) months after the date on which the Loans are no longer outstanding, no Borrower Air Carrier shall pay dividends, or make any other capital distributions, with respect to the common stock of any Borrower Air Carrier.

SECTION 10.03 Maintenance of Employment Levels. Until September 30, 2020, each Borrower Air Carrier shall maintain its employment levels as of March 24, 2020, to the extent practicable, and in any case shall not reduce its employment levels by more than ten percent (10%) from the levels on March 24, 2020.

SECTION 10.04 United States Business. Each Borrower Air Carrier is created or organized in the United States or under the laws of the United States and has significant operations in and a majority of its employees based in the United States.

SECTION 10.05 Limitations on Certain Compensation.

(a) Beginning on the Closing Date, and ending on the date that is one (1) year after the date on which the Loans are no longer outstanding, each Borrower Air Carrier and its Affiliates shall not pay any of each Borrower Air Carrier's Corporate Officers or Employees whose Total Compensation exceeded $425,000 in calendar year 2019 or the Subsequent Reference Period (other than an Employee whose compensation is determined through an existing collective bargaining agreement entered into before March 1, 2020):

(i) Total Compensation which exceeds, during any twelve (12) consecutive months of the period beginning on the Closing Date and ending on the date that is one (1) year after the date on which the Loans are no longer outstanding, the Total Compensation the Corporate Officer or Employee received in calendar year 2019 or the Subsequent Reference Period; or

(ii) Severance Pay or Other Benefits in connection with a termination of employment with any Borrower Air Carrier which exceed twice the maximum Total Compensation received by such Corporate Officer or Employee in calendar year 2019 or the Subsequent Reference Period.

(b) Beginning on the Closing Date, and ending on the date that is one (1) year after the date on which the Loans are no longer outstanding, each Borrower Air Carrier and its Affiliates shall not pay any of each Borrower Air Carrier's Corporate Officers or Employees whose Total Compensation exceeded $3,000,000 in calendar year 2019 or the Subsequent Reference Period, Total Compensation which exceeds, during any twelve (12) consecutive months of such period, in excess of the sum of:

(i) $3,000,000; and

(ii) Fifty percent (50%) of the excess over $3,000,000 of the Total Compensation received by such Corporate Officer or Employee in calendar year 2019 or the Subsequent Reference Period.

(c) For purposes of determining applicable amounts under this Section with respect to any Corporate Officer or Employee who was employed by any Borrower Air Carrier or any of their Affiliates for less than all of calendar year 2019, the amount of Total Compensation in calendar year 2019 shall mean such Corporate Officer's or Employee's Total Compensation on an annualized basis.

SECTION 10.06 Continuation of Certain Air Service. Until March 1, 2022, each Borrower Air Carrier shall comply with any applicable requirement issued by the Secretary of Transportation under section 4005 of the CARES Act to maintain scheduled air transportation service to any point served by any Borrower Air Carrier before March 1, 2020. The Borrower acknowledges that neither Treasury, nor any other actor, department, or agency of the Federal Government, shall condition the issuance of any loan under this Loan Agreement on the Borrower's implementation of measures to enter into negotiations with the certified bargaining representative of a craft or class of employees of the Borrower Air Carrier under the Railway Labor Act (45 U.S.C. 151 et seq.) or the National Labor Relations Act (29 U.S.C. 151 et seq.), regarding pay or other terms and conditions of employment.

SECTION 10.07 Treasury Access. The Borrower shall provide Treasury, the Treasury Inspector General, the Special Inspector General for Pandemic Recovery, and such other entities as authorized by Treasury timely and unrestricted access to all documents, papers, or other records, including electronic records, of the Borrower related to the Loans, to enable Treasury, the Treasury Inspector General, and the Special Inspector General for Pandemic Recovery to make audits, examinations, and otherwise evaluate the Borrower's compliance with the terms of this Agreement. This right also includes timely and reasonable access to the Borrower's and its Affiliates' personnel for the purpose of interview and discussion related to such documents.

SECTION 10.08 Additional Defined Terms. As used in this Article, the following terms have the meanings specified below:

"Borrower Air Carrier" means, collectively, the Borrower, its Affiliates that are Air Carriers, and their respective heirs, executors, administrators, successors, and assigns. Notwithstanding anything to the contrary herein, for purposes of this Article X, an "Affiliate" of the Borrower shall not include any Person(s) that become affiliated with the Borrower solely by virtue of the consummation of a Change of Control transaction resulting in repayment of the Loans in full.

"Corporate Officer" means, with respect to any Borrower Air Carrier, its president; any vice president in charge of a principal business unit, division, or function (such as sales, administration or finance); any other officer who performs a policy-making function; or any other person who performs similar policy making functions for the Borrower Air Carrier. Executive officers of subsidiaries or parents of any Borrower Air Carrier may be deemed Corporate Officers of the Borrower Air Carrier if they perform such policy-making functions for the Borrower Air Carrier.

"Employee" has the meaning given to the term in section 2 of the National Labor Relations Act (29 U.S.C. 152 and includes any individual employed by an employer subject to the Railway Labor Act (45 U.S.C. 151 et seq.), and for the avoidance of doubt includes all individuals who are employed by the Borrower Air Carrier who are not Corporate Officers.

"Severance Pay or Other Benefits" means any severance payment or other similar benefits, including cash payments, health care benefits, perquisites, the enhancement or acceleration of

the payment or vesting of any payment or benefit or any other in-kind benefit payable (whether in lump sum or over time, including after March 24, 2022) by any Borrower Air Carrier or its Affiliates to a Corporate Officer or Employee in connection with any termination of such Corporate Officer's or Employee's employment (including, without limitation, resignation, severance, retirement, or constructive termination), which shall be determined and calculated in respect of any Employee or Corporate Officer of the Borrower Air Carrier in the manner prescribed in 17 CFR 229.402(j) (without regard to its limitation to the five (5) most highly compensated executives and using the actual date of termination of employment rather than the last business day of the Borrower Air Carrier's last completed fiscal year as the trigger event).

"Subsequent Reference Period" means (i) for a Corporate Officer or Employee whose employment with the Borrower Air Carrier or an Affiliate started during 2019 or later, the twelve (12) month period starting from the end of the month in which the officer or employee commenced employment, if such officer's or employee's total compensation exceeds $425,000 (or $3,000,000) during such period and (ii) for a Corporate Officer or Employee whose Total Compensation first exceeds $425,000 during a 12-month period ending after 2019, the 12-month period starting from the end of the month in which the Corporate Officer's or Employee's Total Compensation first exceeded $425,000 (or $3,000,000).

"Total Compensation" means compensation including salary, wages, bonuses, awards of stock, and any other financial benefits provided by the Borrower Air Carrier or an Affiliate, as applicable, which shall be determined and calculated for the 2019 calendar year or any applicable twelve (12)-month period in respect of any Employee or Corporate Officer of the Borrower Air Carrier in the manner prescribed under paragraph e.5 of the award term in 2 CFR part 170, App. A, but excluding any Severance Pay or Other Benefits in connection with a termination of employment.

ARTICLE XI

MISCELLANEOUS

SECTION 11.01 Notices; Public Information.

(a) Notices Generally. Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in paragraph (b) below), all notices and other communications provided for herein shall be in writing in English and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile or email as follows:

(i) if to a Credit Party, to it at American Airlines, Inc., 1 Skyview Drive, MD 8B361, Fort Worth, Texas, 76155, Attention of Treasurer (Facsimile No. ###; Email: ###), with copies (which shall not constitute notice) to: Latham & Watkins LLP, 140 Scott Drive, Menlo Park, CA 94025; Email: ###; Attention: ###;

(ii) if to the Administrative Agent or the Collateral Agent, to The Bank of New York Mellon at 240 Greenwich Street, 7th Floor, New York, NY 10286, Attention of ###, Managing Director (Telephone No. ###; Email: ### with a copy to ###);

(iii) if to Treasury, as the Initial Lender, to The Department of the Treasury of the United States at 1500 Pennsylvania Avenue, NW, Washington, D.C. 20220, Attention of Assistant General Counsel (Banking and Finance) (Telephone No. ###; Email: ###); and

(iv) if to any other Lender, to it at its address (or facsimile number or email address) set forth in its Administrative Questionnaire.

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received. Notices delivered through electronic communications, to the extent provided in paragraph (b) below, shall be effective as provided in said paragraph (b).

(b) Electronic Communications. Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communication (including e-mail, FpML, and Internet or intranet websites) pursuant to procedures approved by the Lenders and reasonably acceptable to the Administrative Agent, provided that the foregoing shall not apply to notices to any Lender pursuant to Article II if such Lender has notified the Administrative Agent that it is incapable of receiving notices under such Article by electronic communication. The Administrative Agent, the Collateral Agent, the Parent or the Borrower may, in its 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.

Unless the Administrative Agent, the Collateral Agent or a Lender otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by return e-mail or other written acknowledgement), and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient, at its e-mail address as described in the foregoing clause (i), of notification that such notice or communication is available and identifying the website address therefor; provided that, for both clauses (i) and (ii) above, if such notice, email or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next Business Day for the recipient.

(c) Change of Address, etc. Any party hereto may change its address or facsimile number for notices and other communications hereunder by notice to the other parties hereto.

(d) Platform.

(i) The Borrower and the Lenders agree that the Administrative Agent may, but shall not be obligated to, make the Communications (as defined below) available to the other Lenders by posting the Communications on the Platform.

(ii) The Platform is provided "as is" and "as available." The Agent Parties (as defined below) do not warrant the adequacy of the Platform and expressly disclaim liability for errors or omissions in the Communications. No warranty of any kind, express, implied or statutory, including any warranty of merchantability, fitness for a particular purpose, non-infringement of third-party rights or freedom from viruses or other code defects, is made by any Agent Party in connection with the Communications or the Platform. In no event shall the Administrative Agent or any of its Related Parties (collectively, the "Agent Parties") have any liability to the Credit Parties, any Lender or any other Person or entity for damages of any kind, including direct or indirect, special, incidental or consequential damages, losses or expenses (whether in tort, contract or otherwise) arising out of the Borrower's or the Administrative Agent's transmission of communications through the Platform. "Communications" means, collectively, any notice, demand, communication, information, document or other material provided by or on behalf of the Credit Parties pursuant to any Loan Document or the transactions

contemplated therein that is distributed to the Administrative Agent or any Lender by means of electronic communications pursuant to this Section, including through the Platform.

(e) Public Information. The Borrower hereby acknowledges that certain of the Lenders (each, a "Public Lender") may have personnel who do not wish to receive material non-public information with respect to the Borrower or its Affiliates, or the respective securities of any of the foregoing, and who may be engaged in investment and other market-related activities with respect to such Persons' securities. The Borrower hereby agrees that it will use commercially reasonable efforts to identify that portion of the materials and information provided by or on behalf of the Borrower hereunder and under the other Loan Documents (collectively, "Borrower Materials") that may be distributed to the Public Lenders and that (i) all such Borrower Materials shall be clearly and conspicuously marked "PUBLIC," which, at a minimum, shall mean that the word "PUBLIC" shall appear prominently on the first page thereof; (ii) by marking Borrower Materials "PUBLIC," the Borrower shall be deemed to have authorized the Administrative Agent and the Lenders to treat such Borrower Materials as not containing any material non-public information with respect to the Borrower or its securities for purposes of U.S. federal and state securities Laws (provided, however, that to the extent that such Borrower Materials constitute Information, they shall be subject to Section 11.12); (iii) all Borrower Materials marked "PUBLIC" are permitted to be made available through a portion of the Platform designated "Public Side Information;" and (iv) the Administrative Agent shall be entitled to treat any Borrower Materials that are not marked "PUBLIC" as being suitable only for posting on a portion of the Platform not designated "Public Side Information". Each Public Lender will designate one or more representatives that shall be permitted to receive information that is not designated as being available for Public Lenders. Notwithstanding the foregoing, financial statements and related documentation, in each case, provided pursuant to Section 5.01(a) or 5.01(b) shall be deemed to be marked "PUBLIC", unless the Parent notifies the Administrative Agent promptly that any such document contains material non-public information.

SECTION 11.02 Waivers; Amendments.

(a) No Waiver; Remedies Cumulative; Enforcement. No failure or delay by the Administrative Agent, the Collateral Agent or any Lender in exercising any right, remedy, power or privilege hereunder or under any other Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, remedy, power or privilege, or any abandonment or discontinuance of steps to enforce such a right remedy, power or privilege, preclude any other or further exercise thereof or the exercise of any other right remedy, power or privilege. The rights, remedies, powers and privileges of the Administrative Agent, the Collateral Agent and the Lenders hereunder and under the Loan Documents are cumulative and are not exclusive of any rights, remedies, powers or privileges that any such Person would otherwise have.

Notwithstanding anything to the contrary contained herein or in any other Loan Document, the authority to enforce rights and remedies hereunder and under the other Loan Documents against the Credit Parties shall be vested exclusively in, and all actions and proceedings at law in connection with such enforcement shall be instituted and maintained exclusively by, (i) so long as the Initial Lender is a Lender, either the Initial Lender or, at the Initial's Lender's option, the Administrative Agent in accordance with Section 7.01 for the benefit of all the Lenders and (ii) if the Initial Lender is no longer a Lender, the Required Lenders or the Administrative Agent (acting at the direction of the Required Lenders) in accordance with Section 7.01 for the benefit of all the Lenders; provided that the foregoing shall not prohibit (i) the Administrative Agent from exercising on its own behalf the rights and remedies that inure to its benefit (solely in its capacities as Administrative Agent and as Collateral Agent) hereunder and under the other Loan Documents, (ii) any Lender from exercising setoff rights in accordance with Section 11.08 (subject to the terms of Section 2.13) or (iii) any Lender from filing proofs

of claim or appearing and filing pleadings on its own behalf during the pendency of a proceeding relative to a Credit Party under any Debtor Relief Law; provided, further, that if at any time there is no Person acting as Administrative Agent hereunder and under the other Loan Documents, then (x) the Required Lenders shall have the rights otherwise provided to the Administrative Agent pursuant to Section 7.01 and (y) in addition to the matters set forth in clauses (ii) and (iii) of the preceding proviso and subject to Section 2.13, any Lender may, with the consent of the Required Lenders, enforce any rights or remedies available to it and as authorized by the Required Lenders.

(b) Amendments, Etc. Except as otherwise expressly set forth in this Agreement (including Section 2.10 and Section 8.01), no amendment or waiver of any provision of this Agreement or any other Loan Document, and no consent to any departure by the Borrower therefrom, shall be effective unless in writing executed by the Borrower and the Required Lenders, and acknowledged by the Administrative Agent, or by the Borrower and the Administrative Agent with the consent of the Required Lenders, and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided that no such amendment, waiver or consent shall:

(i) extend or increase any Commitment of any Lender without the written consent of such Lender;

(ii) reduce the principal of, or rate of interest specified herein on, any Loan, or any fees or other amounts payable hereunder or under any other Loan Document, without the written consent of each Lender directly and adversely affected thereby (provided that only the consent of the Required Lenders shall be necessary (x) to amend the definition of "Default Rate" or to waive the obligation of the Borrower to pay interest at the Default Rate or (y) to amend any financial covenant (or any defined term directly or indirectly used therein), even if the effect of such amendment would be to reduce the rate of interest on any Loan or other Obligation or to reduce any fee payable hereunder);

(iii) postpone any date scheduled for any payment of principal of, or interest on, any Loan, or any fees or other amounts payable hereunder or under any other Loan Document, or reduce the amount of, waive or excuse any such payment, without the written consent of each Lender directly and adversely affected thereby;

(iv) change Section 2.12(b) or Section 2.13 in a manner that would alter the pro rata sharing of payments required thereby without the written consent of each Lender directly and adversely affected thereby;

(v) waive any condition set forth in Section 4.01 without the written consent of the Initial Lender; or

(vi) change any provision of this Section or the percentage in the definition of "Required Lenders" or any other provision hereof specifying the number or percentage of Lenders required to amend, waive or otherwise modify any rights hereunder or make any determination or grant any consent hereunder, without the written consent of each Lender;

provided, further, that no such amendment, waiver or consent shall amend, modify or otherwise affect the rights or duties hereunder or under any other Loan Document of either of the Agents, unless in writing executed by such Agent, in each case in addition to the Borrower and the Lenders required above.

In addition, notwithstanding anything in this Section to the contrary, (i) if the Borrower shall have identified an obvious error or any error or omission of a technical nature, in each case, in any

provision of the Loan Documents, then, upon the delivery of a certificate of a Responsible Officer of the Borrower to the Administrative Agent identifying such error and directing the Administrative Agent to execute an amendment to correct such error, the Administrative Agent and the Borrower shall be permitted to amend such provision, and, in each case, 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 to the Administrative Agent within ten (10) Business Days following receipt of notice thereof and (ii) that any Security Document may be amended, supplemented or otherwise modified with the consent of the applicable Grantor (as defined in the Pledge and Security Agreement) and the Administrative Agent to add assets (or categories of assets) to the Collateral covered by such Security Document, as contemplated by the definition of Additional Collateral, or to remove any assets or categories of assets (including after-acquired assets of that category) from the Collateral covered by such Security Document to the extent the release thereof is permitted by Section 6.17(b)(iii).

SECTION 11.03 Expenses; Indemnity; Damage Waiver.

(a) Costs and Expenses. The Borrower shall pay (i) all reasonable out-of-pocket expenses incurred by the Initial Lender, the Administrative Agent, the Collateral Agent and their Affiliates (including the reasonable fees, charges and disbursements of any counsel for the Initial Lender, the Administrative Agent or the Collateral Agent), and shall pay all fees and time charges and disbursements for attorneys who may be employees of the Administrative Agent or the Collateral Agent, in connection with the preparation, negotiation, execution, delivery and administration of this Agreement, the Loan Documents, any other agreements or documents executed in connection herewith or therewith or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), and (ii) all out-of-pocket expenses incurred by the Administrative Agent, the Collateral Agent or any Lender (including the fees, charges and disbursements of any counsel for the Administrative Agent, the Collateral Agent or any Lender), and shall pay all fees and time charges for attorneys who may be employees of the Administrative Agent, the Collateral Agent or any Lender, in connection with the enforcement or protection of its rights (A) in connection with this Agreement and the Loan Documents, any other agreements or documents executed in connection herewith or therewith, or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated) including its rights under this Section, or (B) in connection with the Loans made hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring, negotiations or enforcement in respect of this Agreement, the Loan Documents and other agreements or documents executed in connection herewith or therewith.

(b) Indemnification by the Borrower. The Borrower shall indemnify the Administrative Agent and Collateral Agent (and any sub-agents thereof) 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, obligations, penalties, fines, settlements, judgments, disbursements and related costs and related expenses (including the fees, charges and disbursements of any counsel for any Indemnitee), and shall indemnify and hold harmless each Indemnitee from all fees and time charges and disbursements for attorneys who may be employees of any Indemnitee, incurred by any Indemnitee or asserted against any Indemnitee by any Person (including the Parent) arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby, (ii) any Loan or the use or proposed use of the proceeds therefrom, (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by the Parent or any of its Subsidiaries, or any

Environmental Liability related in any way to the Parent or any of its Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the Parent, and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee other than the Initial Lender, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee. This paragraph (b) shall not apply with respect to Taxes other than any Taxes that represent losses, claims, damages, etc. arising from any non-Tax claim.

(c) Reimbursement by Lenders. To the extent that the Borrower for any reason fails to indefeasibly pay any amount required under paragraph (a) or (b) of this Section to be paid by it to the Administrative Agent or Collateral Agent (or any sub-agents thereof) or any Related Party of any of the foregoing, each Lender (other than the Initial Lender) severally agrees to pay to the Administrative Agent or Collateral Agent (or any such sub-agents) or such Related Party, as the case may be, such Lender's pro rata share (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought based on each Lender's Applicable Percentage at such time) of such unpaid amount (including any such unpaid amount in respect of a claim asserted by such Lender); 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 Administrative Agent or Collateral Agent (or any such sub-agents), or against any Related Party of any of the foregoing acting for the Administrative Agent or Collateral Agent (or any such sub-agents) in connection with such capacity. The obligations of the Lenders under this paragraph (c) are subject to the provisions of Section 2.12(e).

(d) Waiver of Consequential Damages, Etc. To the fullest extent permitted by Applicable Law, no Credit Party shall assert, and each hereby waives, any claim against any Indemnitee, 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, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Loan, or the use of the proceeds thereof. No Indemnitee referred to in paragraph (b) above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby.

(e) Payments. All amounts due under this Section shall be payable not later than five (5) days after demand therefor; provided that the terms of this Section shall not apply to the Initial Lender.

(f) Survival. Each party's obligations under this Section shall survive the termination of the Loan Documents and payment of the obligations hereunder and the resignation or removal of the Administrative Agent or the Collateral Agent.

SECTION 11.04 Successors and Assigns.

(a) Successors and Assigns Generally. 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, except that the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Administrative Agent and each Lender (and any other attempted assignment or transfer by any party hereto shall be null and void), and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an assignee in

accordance with the provisions of paragraph (b) of this Section, (ii) by way of participation in accordance with the provisions of paragraph (d) of this Section, or (iii) by way of pledge or assignment of a security interest subject to the restrictions of paragraph (e) of this Section. 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, Participants to the extent provided in paragraph (d) of this Section and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Assignments by Lenders. Any Lender may at any time assign to one or more Eligible Assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of the Loans at the time owing to it); provided that any such assignment by any Lender (other than the Initial Lender) shall be subject to the following conditions:

(i) Minimum Amounts.

(A) in the case of an assignment of the entire remaining amount of the assigning Lender's Loans at the time owing to it or contemporaneous assignments to and/or by related Approved Funds (determined after giving effect to such assignments) that equal at least the amount specified in paragraph (b)(i)(B) of this Section in the aggregate or in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund, no minimum amount need be assigned; and

(B) in any case not described in paragraph (b)(i)(A) of this Section, the principal outstanding balance of the Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent or, if "Trade Date" is specified in the Assignment and Assumption, as of the Trade Date) shall not be less than $5,000,000, unless each of the Administrative Agent and, so long as no Default or Event of Default has occurred and is continuing, the Borrower otherwise consents (each such consent not to be unreasonably withheld or delayed).

(ii) Proportionate Amounts. 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 with respect to the Loans assigned.

(iii) Required Consents. No consent shall be required for any assignment by the Initial Lender. The consent of the Borrower (such consent not to be unreasonably withheld, delayed or conditioned) shall be required for any assignment by any Lender other than the Initial Lender unless (x) a Default or Event of Default has occurred and is continuing at the time of such assignment, or (y) such assignment is to a Lender or an Affiliate of a Lender; provided that the Borrower shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Administrative Agent within five (5) Business Days after having received notice thereof.

(iv) Assignment and Assumption. The parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of $3,500; provided that the Administrative Agent may, in its sole discretion, elect to waive such processing and recordation fee in the case of any assignment**.** The assignee, if it is not a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire.

(v) No Assignment to Certain Persons. No such assignment shall be made to the Borrower or any of the Borrower's Affiliates or Subsidiaries.

(vi) No Assignment to Natural Persons. No such assignment shall be made to a natural person (or a holding company, investment vehicle or trust for, or owned and operated for the primary benefit of, a natural person).

Subject to acceptance and recording thereof by the Administrative Agent pursuant to paragraph (c) of this Section, from and after the effective date specified in each Assignment and Assumption, the assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption 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 Section 11.03 with respect to facts and circumstances occurring prior to the effective date of such assignment. Any assignment or transfer by a Lender other than the Initial Lender of rights or obligations under this Agreement that does not comply with this paragraph 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.

(c) Register. The Administrative Agent, acting solely for this purpose as an agent of the Borrower, shall maintain at one of its offices a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the principal amounts (and stated interest) of the Loans 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 Administrative Agent, the Collateral Agent 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. The Register shall be available for inspection by the Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(d) Participations. Any Lender may at any time, without the consent of, or notice to, the Borrower or the Administrative Agent, sell participations to any Person (other than a Competitor, a natural person, or a holding company, investment vehicle or trust for, or owned and operated for the primary benefit of, a natural person, or the Borrower or any of the Borrower's Affiliates or Subsidiaries) (each, a "Participant") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of the Loans owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, and (iii) the Borrower, the Administrative Agent, the Collateral Agent and Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. For the avoidance of doubt, each Lender shall be responsible for the indemnity under Section 11.03(b) with respect to any payments made by such Lender to its Participant(s).

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 Section 11.02(b)(i) through (v) that affects such Participant. The Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.14,

2.15 and 2.16 (subject to the requirements and limitations therein, including the requirements under Section 2.16(g) (it being understood that the documentation required under Section 2.16(g) shall be delivered to the participating Lender)) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section; provided that such Participant (A) agrees to be subject to the provisions of Section 2.19 as if it were an assignee under paragraph (b) of this Section; and (B) shall not be entitled to receive any greater payment under Section 2.15 or 2.16, with respect to any participation, than its participating Lender would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from a Change in Law that occurs after the Participant acquired the applicable participation. Each Lender that sells a participation agrees, at the Borrower's request and expense, to use reasonable efforts to cooperate with the Borrower to effectuate the provisions of Section 2.19(b) with respect to any Participant. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 11.08 as though it were a Lender; provided that such Participant agrees to be subject to Section 2.13 as though it were a Lender. Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrower, 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 the Loan Documents (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any loans or its other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such loan 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 shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(e) Certain Pledges. 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 any pledge or assignment to secure obligations to a Federal Reserve Bank; provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

SECTION 11.05 Survival. All covenants, agreements, representations and warranties made by any Credit Party herein and in any Loan Document or other documents delivered in connection herewith or therewith or pursuant hereto or thereto shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery hereof and thereof and the making of the Borrowings hereunder, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Administrative Agent, the Collateral Agent or any Lender may have had notice or knowledge of any Default at the time of any Borrowing, and shall continue in full force and effect as long as any Loan or any other Obligation hereunder shall remain unpaid or unsatisfied and so long as the Commitments have not expired or been terminated. The provisions of Sections 2.14, 2.15, 11.03, 11.15 and Article VIII shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the payment in full of the Obligations, the expiration or termination of the Commitments or the termination of this Agreement or any provision hereof.

SECTION 11.06 Counterparts; Integration; Effectiveness; Electronic Execution.

(a) Counterparts; Integration; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and the

other Loan Documents, constitute the entire contract among the parties relating to the subject matter hereof and supersede 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 that, when taken together, bear the signatures of each of the other parties hereto. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or in electronic (e.g., "pdf" or "tif") format shall be effective as delivery of a manually executed counterpart of this Agreement.

(b) Electronic Execution. The words "execution," "signed," "signature," and words of like import in this Agreement and in any Assignment and Assumption shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any Applicable Law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act. Notwithstanding anything herein to the contrary, delivery of an executed counterpart of a signature page of this Agreement by telecopy or other electronic means, or confirmation of the execution of this Agreement on behalf of a party by an email from an authorized signatory of such party shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 11.07 Severability. If any provision of this Agreement or the other Loan Documents is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Agreement and the other Loan Documents shall not be affected or impaired thereby and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 11.08 Right of Setoff. If an Event of Default shall have occurred and be continuing, each Lender, and each of their respective Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by Applicable Law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held, and other obligations (in whatever currency) at any time owing, by such Lender or any such Affiliate, to or for the credit or the account of the Borrower against any and all of the due and unpaid Obligations of the Borrower now or hereafter existing under this Agreement or any other Loan Document to such Lender or its respective Affiliates, irrespective of whether or not such Lender or Affiliate shall have made any demand under this Agreement or any other Loan Document and although such obligations of the Borrower may be contingent or unmatured or are owed to a branch office or Affiliate of such Lender different from the branch office or Affiliate holding such deposit or obligated on such indebtedness. The rights of each Lender and their respective Affiliates under this Section are in addition to other rights and remedies (including other rights of setoff) that such Lender or its respective Affiliates may have. Each Lender (other than the Initial Lender) agrees to notify the Borrower and the Administrative Agent promptly after any such setoff and application; provided that the failure to give such notice shall not affect the validity of such setoff and application.

SECTION 11.09 Governing Law; Jurisdiction; Etc.

(a) Governing Law. This Agreement and the other Loan Documents will be governed by and construed in accordance with the federal law of the United States if and to the extent

such law is applicable, and otherwise in accordance with the law of the State of New York applicable to contracts made and to be performed entirely within such State.

(b) Jurisdiction and Venue. Each of the Credit Parties and each Lender agrees (a) to submit to the exclusive jurisdiction and venue of the United States District Court for the District of Columbia for any civil action, suit or proceeding arising out of or relating to this Agreement, the Loan Documents, or the transactions contemplated hereby or thereby.

(c) Service of Process. Each party hereto irrevocably consents to service of process in the manner provided for notices in Section 11.01. Nothing in this Agreement will affect the right of any party hereto to serve process in any other manner permitted by Applicable Law.

SECTION 11.10 Waiver of Jury Trial. To the extent permitted by Applicable Law, each Credit Party and each Lender hereby unconditionally waives trial by jury in any civil legal action or proceeding relating to this Agreement, the Loan Documents or the transactions contemplated hereby or thereby.

SECTION 11.11 Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

SECTION 11.12 Treatment of Certain Information; Confidentiality. Each of the Agents and the Lenders (other than the Initial Lender) agree to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Affiliates and to its Related Parties (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential); (b) to the extent required or requested by any regulatory authority purporting to have jurisdiction over such Person or its Related Parties (including any self-regulatory authority, such as the National Association of Insurance Commissioners); (c) to the extent required by Applicable Laws or by any subpoena or similar legal process; (d) to any other party hereto; (e) in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder; (f) subject to an agreement containing provisions substantially the same as (or no less restrictive than) those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights and obligations under this Agreement, or (ii) any actual or prospective party (or its Related Parties) to any swap, derivative or other transaction under which payments are to be made by reference to the Borrower and its obligations, this Agreement or payments hereunder; provided that, in each case under this clause (f)(ii), such actual or prospective party is not a Competitor; (g) on a confidential basis to (i) any rating agency in connection with rating the Borrower or its Subsidiaries or the Loans or (ii) the CUSIP Service Bureau or any similar agency in connection with the issuance and monitoring of CUSIP numbers with respect to the Loans; (h) with the consent of the Borrower or (i) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section, or (y) becomes available to either Agent, any Lender or any of their respective Affiliates on a nonconfidential basis from a source other than the Borrower who did not acquire such information as a result of a breach of this Section.

For purposes of this Section, "Information" means all information received from the Parent or any of its Subsidiaries relating to the Parent or any of its Subsidiaries or any of their respective businesses, other than any such information that is available to the Administrative Agent or any Lender on a nonconfidential basis prior to disclosure by the Parent or any of its Subsidiaries; provided that, in the case of information received from the Parent or any of its Subsidiaries after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain

the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

SECTION 11.13 Money Laundering; Sanctions. The Borrower shall provide to the Administrative Agent, the Collateral Agent, and the Lenders information and documentation that the Lenders may reasonably request that identifies the Borrower and its Affiliates, which information may include the name and address of the Borrower and its Affiliates and other information regarding beneficial ownership of the Borrower and its Affiliates that will allow the Lenders to ensure compliance with Sanctions and the AML Laws. For purposes of determining whether or not a representation with respect to any indirect ownership is true or a covenant is being complied with under this Section 11.13, the Borrower shall not be required to make any investigation into (i) the ownership of publicly traded stock or other publicly traded securities or (ii) the ownership of assets by a collective investment fund that holds assets for employee benefit plans or retirement arrangements.

SECTION 11.14 Interest Rate Limitation. Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan, together with all fees, charges and other amounts that are treated as interest on such Loan under Applicable Law (collectively, "charges"), shall exceed the maximum lawful rate (the "Maximum Rate") that may be contracted for, charged, taken, received or reserved by the Lender holding such Loan in accordance with Applicable Law, the rate of interest payable in respect of such Loan hereunder, together with all charges payable in respect thereof, shall be limited to the Maximum Rate. To the extent lawful, the interest and charges that would have been paid in respect of such Loan but were not paid as a result of the operation of this Section shall be cumulated and the interest and charges payable to such Lender in respect of other Loans or periods shall be increased (but not above the amount collectible at the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the Federal Funds Effective Rate for each day to the date of repayment, shall have been received by such Lender. Any amount collected by such Lender that exceeds the maximum amount collectible at the Maximum Rate shall be applied to the reduction of the principal balance of such Loan or refunded to the Borrower so that at no time shall the interest and charges paid or payable in respect of such Loan exceed the maximum amount collectible at the Maximum Rate.

SECTION 11.15 Payments Set Aside. To the extent that any payment by or on behalf of the Borrower is made to the Administrative Agent or any Lender, or any Lender exercises its right of setoff, and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Administrative Agent or such Lender in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Debtor Relief Law or otherwise, then (a) to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such setoff had not occurred, and (b) each Lender (other than the Initial Lender) severally agrees to pay to the Administrative Agent upon demand its applicable share (without duplication) of any amount so recovered from or repaid by the Administrative Agent, plus interest thereon from the date of such demand to the date such payment is made at a rate per annum equal to the Federal Funds Effective Rate from time to time in effect.

SECTION 11.16 No Advisory or Fiduciary Responsibility. In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document), the Borrower acknowledges and agrees, and acknowledges its Affiliates' understanding, that: (a) (i) no fiduciary, advisory or agency relationship between any Credit Party and any of their respective Subsidiaries and the Administrative Agent, the Collateral Agent or any Lender is intended to be or has been created in respect of the transactions

contemplated hereby or by the other Loan Documents, irrespective of whether the Administrative Agent, the Collateral Agent, or any Lender has advised or is advising any Credit Party or any of their respective Subsidiaries on other matters, (ii) the lending and other services regarding this Agreement provided by the Administrative Agent, the Collateral Agent and the Lenders are arm's-length commercial transactions between Credit Parties and their Affiliates, on the one hand, and the Administrative Agent, the Collateral Agent and the Lenders, on the other hand, (iii) the Credit Parties have consulted their own legal, accounting, regulatory and tax advisors to the extent that they has deemed appropriate and (iv) the Credit Parties are capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Documents; and (b) (i) the Administrative Agent, the Collateral Agent and the Lenders each is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary for the Credit Parties or any of their respective Affiliates, or any other Person; (ii) none of the Administrative Agent, the Collateral Agent and the Lenders has any obligation to the Credit Parties or any of their respective Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Loan Documents; and (iii) the Administrative Agent, the Collateral Agent and the Lenders and their respective Affiliates may be engaged, in a broad range of transactions that involve interests that differ from those of the Credit Parties and their respective Affiliates, and none of the Administrative Agent, the Collateral Agent and the Lenders has any obligation to disclose any of such interests to the Credit Parties or any of their respective Affiliates. To the fullest extent permitted by Law, the Credit Parties hereby waive and release any claims that they may have against any of the Administrative Agent, the Collateral Agent and the Lenders with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby.

SECTION 11.17 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 the parties, each party hereto (including each Credit Party) acknowledges that any liability arising under a Loan Document of any Credit Party that is an Affected Financial Institution, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of the applicable 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 the applicable Resolution Authority to any such liabilities arising under any Loan Documents which may be payable to it by any Credit Party that is an Affected Financial Institution; and (b) the effects of any Bail-In Action on any such liability, including (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 Affected 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 any 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 the applicable Resolution Authority.

[Signature pages follow.]

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

AMERICAN AIRLINES, INC.

By /s/ Thomas T. Weir
Name: Thomas T. Weir
Title: Vice President and Treasurer

AMERICAN AIRLINES GROUP INC.

By /s/ Thomas T. Weir
Name: Thomas T. Weir
Title: Vice President and Treasurer

THE BANK OF NEW YORK MELLON,
as Administrative Agent

By /s/ Bret S. Derman
Name: Bret S. Derman
Title: Vice President

THE BANK OF NEW YORK MELLON,
as Collateral Agent

By /s/ Bret S. Derman
Name: Bret S. Derman
Title: Vice President

UNITED STATES DEPARTMENT OF THE TREASURY, as the Initial Lender

By /s/ Brent McIntosh
Name: Brent McIntosh
Title: Under Secretary for International Affairs

|||

Schedule 1.01(a)

Carrier Loyalty Programs

[****]

[****]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Schedule 1.01(b)

Carrier Collateral Loyalty Programs

1. AAdvantage Program

Schedule 1.01(c)

Loyalty Program Agreements

[****]

[****]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED. TWO PAGES HAVE BEEN OMITTED.]

Schedule 3.05

Financial Statements

1. Financial statements for the year ended December 31, 2019:
https://www.sec.gov/Archives/edgar/data/6201/000000620120000023/0000006201-20-000023-index.htm

2. Financial statements for the first quarter of 2020:
https://www.sec.gov/Archives/edgar/data/6201/000000620120000066/0000006201-20-000066-index.htm

3. Financial statements for the second quarter of 2020:
https://www.sec.gov/Archives/edgar/data/6201/000000620120000089/0000006201-20-000089-index.htm

Schedule 3.17

Subsidiaries

Entity Name	**Owner**	**Ownership Percentage**	**Excluded Subsidiary: Yes/No**
American Airlines Group Inc.	Public Company	N/A	No
American Airlines, Inc.	American Airlines Group Inc.	100%	No
Americas Ground Services, Inc.	American Airlines Group Inc.	100%	Yes
Avion Assurance, Ltd.	American Airlines Group Inc.	100%	Yes
AAG Private Placement-1 Parent LLC	American Airlines Group Inc.	100%	Yes
PMA Investment Subsidiary, Inc.	American Airlines Group Inc.	100%	Yes
Envoy Aviation Group Inc.	American Airlines Group Inc.	100%	Yes
Piedmont Airlines, Inc.	American Airlines Group Inc.	100%	Yes
PSA Airlines, Inc.	American Airlines Group Inc.	100%	Yes
FLAAG 2017-1 OPP LLC	American Airlines Group Inc.	100%	Yes
FLAAG 2019-1 OPP LLC	American Airlines Group Inc.	100%	Yes
J-CRJ900 LLC	American Airlines Group Inc.	100%	Yes
Dominicana de Servicios Aeroportuarios, DR (DSA)	Americas Ground Services, Inc.	100%	Yes
International Ground Services, S.A de C.V.	Americas Ground Services, Inc.	99.99%	Yes
International Ground Services, S.A de C.V.	American Airlines de Mexico, S.A. de C.V.	00.01%	Yes
AAG Private Placement-1 LLC	AAG Private Placement-1 Parent LLC	100%	Yes
American Airlines de Mexico, S.A. de C.V.	American Airlines, Inc.	99.99%	Yes
American Airlines de Mexico, S.A. de C.V.	Americas Ground Services, Inc.	00.01%	Yes
American Aviation Supply LLC	American Airlines, Inc.	100%	Yes

American Airlines Marketing Services LLC	American Airlines, Inc.	100%	Yes
American Airlines Travel LLC	American Airlines, Inc.	100%	Yes
American AAdvantage, LLC	American Airlines, Inc.	100%	Yes
AAdvantage, LLC	American Airlines, Inc.	100%	Yes
2013-2B LLC	American Airlines, Inc.	100%	Yes
Envoy Air Inc.	Envoy Aviation Group Inc.	100%	Yes
Executive Airlines, Inc.	Envoy Aviation Group Inc.	100%	Yes
Eagle Aviation Services, Inc.	Envoy Aviation Group Inc.	100%	Yes
FLAAG 2017-1OP-a LLC	FLAAG 2017-1 OPP LLC	100%	Yes
FLAAG 2017-1 OP-b LLC	FLAAG 2017-1 OPP LLC	100%	Yes
FLAAG 2019-1 OP-a LLC	FLAAG 2019-1 OPP LLC	100%	Yes
FLAAG 2019-1 OP-b LLC	FLAAG 2019-1 OPP LLC	100%	Yes
FLAAG 2019-1 OP-c LLC	FLAAG 2019-1 OPP LLC	100%	Yes

Schedule 5.14

Post-Closing Matters

None.

Schedule 6.05(i)

Restricted Payments

Restricted Payments not to exceed $75,000,000 per annum.

Schedule 6.06

Investments

[****]

[****]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED. TWO PAGES HAVE BEEN OMITTED.]

Schedule 6.07

Affiliate Transactions

1. None.

EXHIBIT A

[FORM OF ASSIGNMENT AND ASSUMPTION]

This Assignment and Assumption (the "Assignment and Assumption") is dated as of the Effective Date set forth below and is entered into by and between the Assignor (as defined below) and the Assignee (as defined below). Capitalized terms used but not defined herein shall have the meanings given to them in the Loan and Guarantee Agreement identified below (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Loan and Guarantee Agreement"), receipt of a copy of which is hereby acknowledged by the 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 Assumption as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Loan and Guarantee Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below (i) all of the Assignor's rights and obligations in its capacity as a Lender under the Loan and Guarantee Agreement, any other Loan Documents and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the respective facilities identified below (including any guarantees included in such facilities), 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) against any Person, whether known or unknown, arising under or in connection with the Loan and Guarantee Agreement, any other Loan Document and any other documents or instruments delivered pursuant thereto 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 Assignor to the Assignee pursuant to clauses (i) and (ii) above being referred to herein collectively as the "Assigned Interest"). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by the Assignor.

1. Assignor: _____ (the "Assignor")

2. Assignee: _____ (the "Assignee")

[Assignee is an [Affiliate][Approved Fund] of [*identify Lender*]

3. Borrower: American Airlines, Inc., a Delaware corporation

4. Administrative Agent: The Bank of New York Mellon, as the Administrative Agent under the Loan and Guarantee Agreement

5. Loan and Guarantee Agreement: The Loan and Guarantee Agreement dated as of September [ ], 2020 among American Airlines, Inc., a Delaware corporation (the "Borrower"), American Airlines Group Inc., a Delaware corporation, the Guarantors party thereto from time to time, the United States Department of the Treasury, as Initial Lender, each Lender from time to time party thereto and The Bank of New York Mellon, as Administrative Agent and Collateral Agent

6. Assigned Interest[s]:

Assignor	Assignee	Aggregate Amount of Loans for all Lenders[1]	Amount of Loans Assigned[8]	Percentage Assigned of Loans[2]
		$	$	%
		$	$	%
		$	$	%

[7. Trade Date: _____]3

[Page break]

[1] Amount to be adjusted by the counterparties to take into account any payments or prepayments made between the Trade Date and the Effective Date.
[2] Set forth, to at least 9 decimals, as a percentage of the Loans of all Lenders thereunder.
[3] 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.

Effective Date: _____ ___, 20___ [TO BE INSERTED BY ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR
[NAME OF ASSIGNOR]

By:_____
Title:

ASSIGNEE
[NAME OF ASSIGNEE]

By:_____
Title:

Accepted:

THE BANK OF NEW YORK MELLON, as
Administrative Agent

By: _____

Title:

[Consented to:

AMERICAN AIRLINES, INC.

By: _____

Title:][4]

[4] To be included only if the consent of the Borrower is required for such Assignment and Assumption by the terms of the Loan and Guarantee Agreement.

ANNEX 1

STANDARD TERMS AND CONDITIONS FOR ASSIGNMENT AND ASSUMPTION

1. Representations and Warranties.

1.1 Assignor. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, including to obtain such consent, if any, as required under the Loan and Guarantee Agreement, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Loan and Guarantee 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 Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of the Loan and Guarantee Agreement or any other Loan Document, or (iv) the performance or observance by the Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Document.

1.2 Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Loan and Guarantee Agreement, (ii) it meets all the requirements to be an assignee under Section 11.04 of the Loan and Guarantee Agreement (subject to such consents, if any, as may be required thereunder), (iii) from and after the Effective Date, it shall be bound by the provisions of the Loan and Guarantee Agreement and each other Loan Document as a Lender, and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it is sophisticated with respect to decisions to acquire assets of the type represented by the Assigned Interest and either it, or the Person exercising discretion in making its decision to acquire the Assigned Interest, is experienced in acquiring assets of such type, (v) it has received a copy of the Loan and Guarantee Agreement, and has received or has been afforded 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 Assumption and to purchase the Assigned Interest, (vi) it has, independently and without reliance upon the Administrative Agent, the Collateral Agent, the Assignor 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 Assumption and to purchase the Assigned Interest, (vii) if it is not already a Lender under the Loan and Guarantee Agreement, attached to the Assignment and Assumption is an Administrative Questionnaire and the applicable “know your customer” documentation requested by the Administrative Agent and as required by the Loan and Guarantee Agreement and (viii) the Administrative Agent has received a processing

and recordation fee of $3,500 as of the Effective Date (to the extent required by the Loan and Guarantee Agreement, unless waived), (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, the Collateral Agent, the Assignor or any other Lender or Agent, 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, including its obligations pursuant to Section 2.16 of the Loan and Guarantee Agreement and (c) appoints and authorizes the Administrative Agent and the Collateral Agent to take such action on its behalf and to exercise such powers under the Loan and Guarantee Agreement and the other Loan Documents as are delegated to such Agent by the terms thereof, together with such actions and powers as are reasonably incidental or related thereto.

1.3 Payments. From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts that have accrued to but excluding the Effective Date and to the Assignee for amounts that have accrued from and after the Effective Date.

1.4 General Provisions. This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption 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 Assumption by telecopy or other electronic means shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, the federal law of the United States if and to the extent such law is applicable, and otherwise in accordance with the law of the State of New York applicable to contracts made and to be performed entirely within such State.

EXHIBIT B-1

[FORM OF]

U.S. TAX COMPLIANCE CERTIFICATE
(For Foreign Lenders That Are Not Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Loan and Guarantee Agreement dated as of September [ ], 2020 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Loan and Guarantee Agreement"), among American Airlines, Inc. (the "Borrower"), American Airlines Group Inc., a Delaware corporation, the Guarantors from time to time party thereto, the United States Department of the Treasury, as Initial Lender, each Lender from time to time party thereto and The Bank of New York Mellon, as Administrative Agent and Collateral Agent.

Pursuant to the provisions of Section 2.16 of the Loan and Guarantee Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the Loan(s) (as well as any Note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) it is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a "10 percent shareholder" of the Borrower within the meaning of Section 871(h)(3)(B) of the Code and (iv) it is not a "controlled foreign corporation" related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Administrative Agent and the Borrower with a certificate of its non-U.S. Person status on IRS Form W-8BEN or IRS Form W-8BEN-E. By executing this certificate, the undersigned agrees that (1) if the information provided in this certificate changes, the undersigned shall promptly so inform the Borrower and the Administrative Agent, and (2) the undersigned shall have at all times furnished the Borrower and the Administrative Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Loan and Guarantee Agreement and used herein shall have the meanings given to them in the Loan and Guarantee Agreement.

[NAME OF LENDER]

By:_____
Name:
Title:

Date: _____ __, 20[ ]

EXHIBIT B-2

[FORM OF]

U.S. TAX COMPLIANCE CERTIFICATE
(For Foreign Participants That Are Not Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Loan and Guarantee Agreement dated as of September [ ], 2020 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Loan and Guarantee Agreement"), among American Airlines, Inc. (the "Borrower"), American Airlines Group, Inc., a Delaware corporation, the Guarantors from time to time party thereto, the United States Department of the Treasury, as Initial Lender, each Lender from time to time party thereto and The Bank of New York Mellon, as Administrative Agent and Collateral Agent.

Pursuant to the provisions of Section 2.16 of the Loan and Guarantee Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the participation in respect of which it is providing this certificate, (ii) it is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a "10 percent shareholder" of the Borrower within the meaning of Section 871(h)(3)(B) of the Code and (iv) it is not a "controlled foreign corporation" related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating Lender with a certificate of its non-U.S. Person status on IRS Form W-8BEN or IRS Form W-8BEN-E. By executing this certificate, the undersigned agrees that (1) if the information provided in this certificate changes, the undersigned shall promptly so inform such Lender in writing, and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Loan and Guarantee Agreement and used herein shall have the meanings given to them in the Loan and Guarantee Agreement.

[NAME OF PARTICIPANT]

By:_____
Name:
Title:

Date: _____ __, 20[ ]

EXHIBIT B-3

[FORM OF]

U.S. TAX COMPLIANCE CERTIFICATE
(For Foreign Participants That Are Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Loan and Guarantee Agreement dated as of September [ ], 2020 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Loan and Guarantee Agreement"), among American Airlines, Inc. (the "Borrower"), American Airlines Group, Inc., a Delaware corporation, the Guarantors from time to time party thereto, the United States Department of the Treasury, as Initial Lender, each Lender from time to time party thereto and The Bank of New York Mellon, as Administrative Agent and Collateral Agent.

Pursuant to the provisions of Section 2.16 of the Loan and Guarantee Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the participation in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such participation, (iii) with respect such participation, neither the undersigned nor any of its direct or indirect partners/members is a "bank" extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a "10 percent shareholder" of the Borrower within the meaning of Section 871(h)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a "controlled foreign corporation" related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating Lender with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or IRS Form W-8BEN-E or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN or IRS Form W-8BEN-E from each of such partner's/member's beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided in this certificate changes, the undersigned shall promptly so inform such Lender and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Loan and Guarantee Agreement and used herein shall have the meanings given to them in the Loan and Guarantee Agreement.

[NAME OF PARTICIPANT]

By:_____
Name:
Title:

Date: _____ __, 20[ ]

EXHIBIT B-4

[FORM OF]

U.S. TAX COMPLIANCE CERTIFICATE
(For Foreign Lenders That Are Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Loan and Guarantee Agreement dated as of September [ ], 2020 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Loan and Guarantee Agreement"), among American Airlines, Inc. (the "Borrower"), American Airlines Group Inc., a Delaware corporation, the Guarantors from time to time party thereto, the United States Department of the Treasury, as Initial Lender, each Lender from time to time party thereto and The Bank of New York Mellon, as Administrative Agent and Collateral Agent.

Pursuant to the provisions of Section 2.16 of the Loan and Guarantee Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the Loan(s) (as well as any Note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such Loan(s) (as well as any Note(s) evidencing such Loan(s)), (iii) with respect to the extension of credit pursuant to this Loan and Guarantee Agreement or any other Loan Document, neither the undersigned nor any of its direct or indirect partners/members is a "bank" extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a "10 percent shareholder" of the Borrower within the meaning of Section 871(h)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a "controlled foreign corporation" related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Administrative Agent and the Borrower with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or IRS Form W-8BEN-E or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN or IRS Form W-8BEN-E from each of such partner's/member's beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided in this certificate changes, the undersigned shall promptly so inform the Borrower and the Administrative Agent, and (2) the undersigned shall have at all times furnished the Borrower and the Administrative Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Loan and Guarantee Agreement and used herein shall have the meanings given to them in the Loan and Guarantee Agreement.

[NAME OF LENDER]

By:_____
Name:
Title:

Date: _____ __, 20[ ]

EXHIBIT C

FORM OF NOTE

[New York, New York]

[Date]

FOR VALUE RECEIVED, the undersigned, American Airlines, Inc., a Delaware corporation (the "Borrower"), hereby promises to pay to _____ or its registered assigns in accordance with Section 11.04 of the Loan and Guarantee Agreement (as defined below) (the "Lender"), in lawful money of the United States of America in immediately available funds at the office of the Administrative Agent (such term, and each other capitalized term used but not defined herein, having the meaning assigned to it in the Loan and Guarantee Agreement, dated as of September [ ], 2020 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Loan and Guarantee Agreement"), among the Borrower, the Guarantors party thereto from time to time, the United States Department of the Treasury, as Initial Lender, the Lenders party thereto from time to time and The Bank of New York Mellon, as Administrative Agent and Collateral Agent) (i) on the dates set forth in the Loan and Guarantee Agreement, the principal amounts set forth in the Loan and Guarantee Agreement with respect to Loans made by the Lender to the Borrower pursuant to the Loan and Guarantee Agreement and (ii) on each Interest Payment Date, interest at the rate or rates per annum as provided in the Loan and Guarantee Agreement on the unpaid principal amount of all Loans made by the Lender to the Borrower pursuant to the Loan and Guarantee Agreement.

The Borrower promises to pay interest, on written demand, on any overdue principal and, to the extent permitted by law, overdue interest from their due dates at the rate or rates provided in the Loan and Guarantee Agreement.

The Borrower hereby waives (to the extent permitted by applicable law) diligence, presentment, demand, protest and notice of any kind whatsoever. Subject to the terms of the Loan and Guarantee Agreement, including Section 7.02 thereof, nonexercise by the holder hereof of any of its rights hereunder in any particular instance shall not constitute a waiver thereof in that or any subsequent instance.

All borrowings evidenced by this note and all payments and prepayments of the principal hereof and interest hereon and the respective dates thereof shall be endorsed by the holder hereof on the schedule attached hereto and made a part hereof or on a continuation thereof which shall be attached hereto and made a part hereof, or otherwise recorded by such holder in its internal records; provided, however, that the failure of the holder hereof to make such a notation or any error in such notation shall not affect the obligations of the Borrower under this note.

This note is one of the Notes referred to in the Loan and Guarantee Agreement that, among other things, contains provisions for the acceleration of the maturity hereof upon the happening of certain events, for optional and mandatory prepayment of the principal hereof prior to the maturity hereof and for the amendment or waiver of certain provisions of the Loan and Guarantee Agreement, all upon the terms and conditions therein specified.

THIS NOTE MAY NOT BE TRANSFERRED EXCEPT IN COMPLIANCE WITH THE TERMS OF THE LOAN AND GUARANTEE AGREEMENT.

THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE FEDERAL LAW OF THE UNITED STATES IF AND TO THE EXTENT SUCH LAW IS APPLICABLE, AND OTHERWISE IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED ENTIRELY WITHIN SUCH STATE.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Borrower has caused this note to be duly executed by its authorized officer as of the day and year first above written.

AMERICAN AIRLINES, INC.

By: _____

Name:

Title:

LOANS AND PAYMENTS

Date	Amount of Loan	Maturity Date	Payments of Principal/Interest	Principal Balance of Note	Name of Person Making the Notation

LOYALTY PARTNER DIRECT AGREEMENT[1]

THIS LOYALTY PARTNER DIRECT AGREEMENT (this "Agreement"), dated as of [●], 2020, is by and between THE BANK OF NEW YORK MELLON, as Collateral Agent for the benefit of the Secured Parties ("Collateral Agent"), [●][2], a [●][3] (together with its successors and assigns, "Loyalty Program Partner"), and [●][4], a [●][5] ("Credit Party"). Capitalized terms used herein but not defined shall have the meanings ascribed to such terms in the Loan Agreement (as defined below).

WHEREAS, [[Credit Party][●]][6], as Borrower, The Bank of New York Mellon, as Collateral Agent and as Administrative Agent, and The United States Department of the Treasury, as lender ("Treasury"), have entered into that certain Loan and Guarantee Agreement dated as of [●] (the "Loan Agreement"), whereby Treasury has agreed to extend credit to Borrower as is permissible under the Coronavirus Aid, Relief, and Economic Security Act, Pub. L. 116-136 (Mar. 27, 2020), as the same may be amended from time to time (the "CARES Act") subject to the terms and conditions therein;

WHEREAS, Credit Party and Loyalty Program Partner are parties to [●][7], dated as of [●], as amended from time to time (the "Loyalty Program Agreement");

WHEREAS, pursuant to that certain Pledge and Security Agreement, dated as of [●], by and between Credit Party, as a Grantor, the other Grantors named therein from time to time and Collateral Agent (the "Pledge and Security Agreement"), Credit Party has granted to Collateral Agent, for the benefit of the Secured Parties, a security interest in and continuing lien on, among other things, all of its right, title and interest in, to and under the Loyalty Program Agreement together with all related Loyalty Program Revenues and other related Loyalty Program Assets (as defined in the Pledge and Security Agreement) (collectively, the "Loyalty Program Collateral"). For the purposes of this Agreement, "Loyalty Program Revenues" shall mean all payments received by, or otherwise required to be paid to, Credit Party (and its Affiliates), and all other amounts Credit Party is entitled to, under the Loyalty Program Agreement; "Secured Parties" shall mean any lender under the Loan Agreement (including Treasury as the Initial Lender), the Administrative Agent and the Collateral Agent;

WHEREAS, it is a condition precedent to the closing of and initial borrowing under the Loan Agreement that Credit Party deliver to Treasury or its designee and Collateral Agent this Agreement duly executed and delivered by Loyalty Program Partner;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties hereto agree as follows:

1. Estoppel. Loyalty Program Partner hereby certifies that as of the date hereof: (a) the Loyalty Program Agreement is in full force and effect and has not been modified, supplemented or amended except as listed in Exhibit A; (b) to its Knowledge, except as set forth in Schedule 1(b) of the Disclosure Schedules hereto, there exists no breach, default or event or condition which, with the giving of notice or the passage of time, or both, would give Loyalty Program Partner the right to terminate the

---

[1] **Note**: Form to be executed for each Material Loyalty Program Agreement.
[2] NTD: Insert name of Loyalty Program Partner.
[3] NTD: Insert jurisdiction of incorporation or formation.
[4] NTD: Insert the name of the airline entity that is party to the Material Loyalty Program Agreement.
[5] NTD: Insert jurisdiction of incorporation or formation.
[6] NTD: If Credit Party is not Borrower, insert name of Borrower.
[7] NTD: Insert name of the Material Loyalty Program Agreement.

Loyalty Program Agreement, (c) to its Knowledge, except as set forth in Schedule 1(c) of the Disclosure Schedules hereto, there exists no breach or default which, with the giving of notice or the passage of time, or both, would result in a material suspension of, or reduction in, payments made to Credit Party under the Loyalty Program Agreement; and (d) to its Knowledge, except as set forth in Schedule 1(d) of the Disclosure Schedules hereto, Loyalty Program Partner has no existing claims, defenses or offsets against the full and timely payment and performance of its material obligations under the Loyalty Program Agreement. For the purposes of this Agreement, "Knowledge" shall mean the actual knowledge of any Responsible Officer of Loyalty Program Partner, responsible for managing or operating the business contemplated under the Loyalty Program Agreement. "Responsible Officer" shall mean the chief executive officer, president, executive vice president, chief financial officer, principal accounting officer, treasurer or controller of Loyalty Program Partner.

2. No Offset. All payments required to be made by Loyalty Program Partner under the Loyalty Program Agreement shall be made without any offset, recoupment, abatement, withholding, reduction or defense whatsoever, other than (x) with respect to amounts due from the Credit Party under the Loyalty Program Agreement and (y) any such rights with respect to amounts incurred by or due to Loyalty Program Partner in respect of marketing, promotion, sponsorship, technology or other similar expenses in connection with or related to the credit card program offered under the Loyalty Program Agreement, in each case (1) solely to the extent expressly permitted under the Loyalty Program Agreement or if exercised in the ordinary course of business and in accordance with past or common industry practices and (2) expressly excluding any offset for costs, expenses or other amounts that are not so related, including any amount in repayment of any amount borrowed by the Credit Party from Loyalty Program Partner or its affiliates.

3. Payment Directions. Loyalty Program Partner agrees to remit any and all Loyalty Program Revenues as and when required by the Loyalty Program Agreement directly to the account specified on Exhibit B[8] hereto ("Default Payment Method") or to such other person, entity or account as shall be specified from time to time by Collateral Agent to Loyalty Program Partner in writing ("Payment Directions"). Until this Agreement terminates in accordance with Section 9(a) hereof, Loyalty Program Partner may not remit any Loyalty Program Revenues in accordance with any instructions delivered to Loyalty Program Partner by Credit Party or any other Person, unless Collateral Agent so instructs Loyalty Program Partner in writing. Collateral Agent will provide Credit Party with notice of any Payment Directions or other instructions sent to Loyalty Program Partner pursuant to this Section 3 that direct payments other than in accordance with the Default Payment Method. In no event shall Loyalty Program Partner be required to remit the cash value of any services it is required to provide to Credit Party in-kind under the Loyalty Program Agreement, unless required pursuant to the terms of the Loyalty Program Agreement.

Credit Party acknowledges and agrees that Loyalty Program Partner may unconditionally rely on any written notice from Collateral Agent (i) directing payment of Loyalty Program Revenues in accordance with the preceding paragraph (such Payment Directions assumed to be continuing until Loyalty Program Partner's receipt of a written notice from Collateral Agent) or (ii) that provides notice that an Event of Default has occurred under the Loan Agreement until such time as Collateral Agent provides notice to Loyalty Program Partner that such Event of Default has been cured. Credit Party shall have no recourse to Loyalty Program Partner in connection with any action or inaction taken by Loyalty Program Party in reliance on any such notice believed by Loyalty Program Partner in good faith to be genuine and signed or presented by the proper party or parties. Collateral Agent shall revoke any such Payment Directions directing payments other than in accordance with the Default Payment Method

[8] NTD: Exhibit B to include wiring instructions to the Collection Account.

promptly after the receipt of notice from the Required Lenders that any such Event of Default has been cured, and following Loyalty Program Partner's receipt of written notice of such revocation from Collateral Agent any additional Loyalty Program Revenues shall be remitted in accordance with the Default Payment Method.

Loyalty Program Partner shall have no obligation to review or confirm that actions taken pursuant to the Payment Directions or other notice delivered by Collateral Agent to Loyalty Program Partner in accordance with this Agreement comply with any other agreement or document to which it is not a party. Any Payment Directions shall be subject to receipt by Loyalty Program Partner of IRS Form W-8 or W-9 as may be reasonably requested by Loyalty Program Partner.

4. Consent to Assignment. Loyalty Program Partner hereby (a) acknowledges that Credit Party has provided it with notice that the Secured Parties will enter into the Loan Agreement and the Pledge and Security Agreement with Credit Party in reliance on, among other things, the execution and delivery of this Agreement by Loyalty Program Partner, (b) irrevocably consents to the pledge to Collateral Agent for the benefit of the Secured Parties of, and the grant to Collateral Agent for the benefit of the Secured Parties of, a lien on and security interest in, all right, title and interest of Credit Party in, to and under the Loyalty Program Collateral, including all of Credit Party's rights to receive payment under or with respect to the Loyalty Program Agreement and all payments due and to become due thereunder, and (c) confirms that it has not granted and to its Knowledge, except as set forth in Schedule 4(c) of the Disclosure Schedules hereto, has not received notice of any other security interest granted in, to or under the Loyalty Program Agreement or the other Loyalty Program Collateral.

5. Assignment to Third Parties; Event of Foreclosure on Collateral. Collateral Agent, for the benefit of the Secured Parties, may (i) acquire all right, title and interest of Credit Party in, to and under the Loyalty Program Collateral through foreclosure or assignment thereof in lieu of foreclosure, and (ii) may subsequently transfer or assign the Loyalty Program Collateral, either in its own name or through a nominee, in each such case, subject to Loyalty Program Partner's prior written consent (such consent right to be exercised in Loyalty Program Partner's reasonable business judgment) and in any such case, such person or its nominee, or such transferee or assignee, as the case may be, shall thereafter be bound by all applicable terms of, and shall have assumed the obligations of Credit Party under, the Loyalty Program Agreement and, as applicable, the other Loyalty Program Collateral.

6. Notice and Cure. In the event there is a default by Credit Party under the Loyalty Program Agreement that (i) is reasonably likely to result in a material suspension of, or reduction in, payments made to Credit Party under the Loyalty Program Agreement or (ii) is reasonably likely to result in termination of the Loyalty Program Agreement, Loyalty Program Partner shall forbear and shall not exercise any remedies, including, but not limited to, any right to terminate or suspend performance under the Loyalty Program Agreement unless and until Loyalty Program Partner has given Collateral Agent written notice of such default and for a period of 30 days Collateral Agent shall fail to remedy the default of Credit Party. If the default cannot reasonably be cured by Collateral Agent within 30 days, then Collateral Agent shall have such additional time as it shall reasonably require, so long as it is proceeding with reasonable diligence to cure the default, up to a maximum of 90 days from receipt of written notice from Loyalty Program Partner of such default.

For any default that cannot be cured without possession of Loyalty Program Collateral, Collateral Agent shall have the right to postpone and extend the time to cure such default in order to prosecute and complete a foreclosure or equivalent proceeding and obtain possession of the Loyalty Program Collateral, up to a maximum of 90 days from receipt of written notice from Loyalty Program

Partner of such default. If Collateral Agent completes a foreclosure or an equivalent proceeding within the foregoing time period, then Loyalty Program Partner shall waive against Collateral Agent and any nominee, transferee or assignee of Collateral Agent any noncurable defaults that are personal to Credit Party.

Notwithstanding the foregoing, a cure of any default by Collateral Agent shall not constitute an assumption by Collateral Agent of the obligations of Credit Party under the Loyalty Program Agreement. In addition, in the event that the Loyalty Program Agreement terminates for any reason (other than (A) as a result of the failure of Collateral Agent to effect a cure or foreclosure within the 90-day period described above (if applicable), (B) in accordance with Section 9(a)(ii) or (C) upon the occurrence of a non-default related event expressly set forth in the Loyalty Program Agreement), or is rejected in any bankruptcy or insolvency proceedings of Credit Party prior to expiration of the 90-day period described above (if applicable), Loyalty Program Partner shall, subject to Loyalty Program Partner's prior written consent (such consent right to be exercised in Loyalty Program Partner's reasonable business judgment), enter into a new loyalty program agreement with Collateral Agent or its nominee, transferee or assignee in connection with an assignment made in accordance with Section 5 hereof, for the benefit of the Secured Parties on the same terms (subject to any necessary conforming changes) as the Loyalty Program Agreement between Loyalty Program Partner and Credit Party.

7. [Reserved]

8. No Liability. Except in the case of gross negligence, willful misconduct or as set forth in Section 9(i) herein, Loyalty Program Partner acknowledges and agrees that no Secured Party nor Collateral Agent, nor any of their respective nominee(s) or assignee(s) shall have any liability or obligation to Loyalty Program Partner solely as a result of this Agreement, the Loan Agreement, the Pledge and Security Agreement or any other Security Documents. For the avoidance of doubt, none of Collateral Agent or the Secured Parties shall be obligated or required to perform any of Credit Party's obligations under the Loyalty Program Agreement except (i) if such obligations are expressly assumed in writing by the applicable party or (ii) in connection with the taking of title to the Loyalty Program Assets following the completion of a foreclosure action.

Notwithstanding the foregoing, upon the assignment or transfer of the Loyalty Program Agreement to any nominee(s) or assignee(s) by Collateral Agent in connection with the exercise of its rights and remedies, for the benefit of the Secured Parties, under the Pledge and Security Agreement during the continuance of an Event of Default under the Loan Agreement, such nominee(s) and/or assignee(s) shall be bound by all applicable terms of, and shall have assumed the obligations of Credit Party under, the Loyalty Program Agreement and, as applicable, the other Loyalty Program Collateral. Unless Collateral Agent (i) assumes the Loyalty Program Agreement in writing pursuant to Section 5, (ii) takes title to the Loyalty Program Assets following the completion of a foreclosure action or (iii) enters into a replacement agreement pursuant to Section 6, none of the Secured Parties or Collateral Agent shall have any personal liability to Loyalty Program Partner under the Loyalty Program Agreement or such replacement agreement and Loyalty Program Partner shall have no recourse to the Secured Parties or Collateral Agent, as applicable, with respect to Credit Party's obligations under the Loyalty Program Agreement or other Loyalty Program Collateral.

9. Miscellaneous

(a) Termination. This Agreement shall not terminate for any reason until (i) all of the Obligations under the Loan Documents have been indefeasibly and unconditionally paid in full, (ii)

expiration of the term of the Loyalty Program Agreement in accordance with its terms or earlier termination (A) approved by the Lenders in accordance with the Loan Agreement or (B) after expiration of the cure period set forth in Section 6 herein, to the extent applicable or (C) by Loyalty Program Partner upon the occurrence of a non-default related event expressly set forth in the Loyalty Program Agreement or (iii) all of the Liens on the Loyalty Program Agreement created under the Loan Agreement are released in accordance with the Loan Agreement. Following a payment in full of the Obligations, Collateral Agent shall confirm such payment and the termination of this Agreement in writing to Loyalty Program Partner promptly upon request by Credit Party or Loyalty Program Partner, at Credit Party's expense.

(b) Binding Effect; Counterparts; Entire Agreement. This Agreement shall be binding on the parties hereto and their respective successors and assigns. The terms and conditions of the Loyalty Program Agreement shall continue to be in effect in accordance with its terms as between the Loyalty Program Partner and Credit Party. This Agreement may be executed in counterparts (and by different parties hereto in different counterparts) and by manual or electronic signature, 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 hereto relating to the subject matter hereof and supersedes any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. This Agreement shall become effective when it shall have been executed by each of the parties hereto and when Collateral Agent shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto. Delivery of an executed counterpart of a signature page of this Agreement in electronic (e.g., "pdf" or "tif") format shall be effective as delivery of a manually executed counterpart of this Agreement.

(c) Severability. If any provision of this Agreement is held to be illegal, invalid or unenforceable, (i) the legality, validity and enforceability of the remaining provisions of this Agreement shall not be affected or impaired thereby and (ii) Collateral Agent (acting as directed by the Required Lenders) and the other parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

(d) Governing Law; Jurisdiction. This Agreement will be governed by and construed in accordance with the federal law of the United States if and to the extent such law is applicable, and otherwise in accordance with the laws of the State of New York applicable to contracts made and to be performed entirely within such State. Each of the parties agrees to submit to the exclusive jurisdiction and venue of the United States District Court for the District of Columbia for any civil action, suit or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby or thereby.

(e) **WAIVER OF JURY TRIAL**. **To the extent permitted by applicable law, each party hereto hereby unconditionally waives trial by jury in any civil legal action or proceeding relating to this Agreement or the transactions contemplated hereby or thereby.**

(f) Notices; Public Information.

(i) All notices and other communications provided for herein 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 email (and such delivery by facsimile or email shall not

constitute notice to Loyalty Program Partner unless provided by Loyalty Program Partner below) as follows:

if to Credit Party:

[Address: [●]
Attention: [●]
Email: [●]
Facsimile: [●]
Telephone: [●]][9]

if to Collateral Agent:

The Bank of New York Mellon
Address: 240 Greenwich Street, 7th Floor
New York, NY 10286
Attention: Joanna Shapiro, Managing Director
Email: ###
Cc: ###
Telephone: ###

if to Loyalty Program Partner:

[Address: [●]
Attention: [●]
Email: [●]
Facsimile: [●]
Telephone: [●]][10]

(ii) Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received. Notices sent by facsimile or email shall be deemed to have been given when sent to the proper facsimile number or email address, as applicable, upon confirmation by the receiving party of receipt (whether by an automatic "read receipt" or similar notice). Any party hereto may change its address for notices and other communications hereunder by notice to the other parties hereto.

(iii) Electronic Communications. Unless Collateral Agent otherwise prescribes, (A) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by return e-mail or other written acknowledgement), and (B) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient, at its e-mail address as described in the foregoing clause (i), of notification that such notice or communication is available and identifying the website address therefor; provided that,

[9] NTD: Credit Party to provide. Please include information of at least one form of electronic delivery (facsimile or email).

[10] NTD: Loyalty Program Partner to provide. Please include information of at least one form of electronic delivery (facsimile or email).

for both clauses (i) and (ii) above, if such notice, email or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next Business Day for the recipient.

(g) Collateral Agent Authority. Collateral Agent has been appointed by the Lenders under the Loan Agreement and has the benefit of the rights and protections set forth therein, including without limitation, that, notwithstanding any discretion given to it in any Loan Document, Collateral Agent need not exercise discretion, but shall act as directed by the Required Lenders.

(h) Exculpation. Collateral Agent, on behalf of the Secured Parties, hereby agrees that no officer, director, agent or employee of Loyalty Program Partner or and any of its affiliates shall have any liability arising from or related to this Agreement except for liability resulting from intentional breach of this Agreement or gross negligence, bad faith or willful misconduct of such person. For the avoidance of doubt, this Section 9(h) does not preclude Collateral Agent from initiating a suit for injunctive relief in order to enforce this Agreement.

(i) Treatment of Certain Information; Confidentiality. Nothing in this Agreement shall be deemed to waive any confidentiality provisions set forth in the Loyalty Program Agreement and Credit Party and Loyalty Program Partner agree that any process of dissemination of the terms or Information (as defined below) relating to the Loyalty Program Agreement which is treated as confidential under the Loyalty Program Agreement shall be subject to the requirements of the Loyalty Program Agreement.

Each of Collateral Agent and Credit Party agree to maintain the confidentiality of the Information, except that Information may be disclosed (a) to its Affiliates, to its Related Parties and to the Secured Parties (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential); (b) to the extent required or requested by any regulatory authority purporting to have jurisdiction over such Person or its Related Parties (including any self-regulatory authority, such as the National Association of Insurance Commissioners); (c) to the extent required by Applicable Laws or by any subpoena or similar legal process; (d) to any other party hereto; (e) in connection with the exercise of any remedies hereunder or under any Loan Document or any action or proceeding relating to this Agreement or any Loan Document or the enforcement of rights hereunder or thereunder; (f) subject to an agreement containing provisions substantially the same as (or no less restrictive than) those of this Section, to any nominee, transferee or assignee of, or any prospective nominee, transferee or assignee of, any of its rights and obligations under this Agreement; (g) with the consent of Loyalty Program Partner or (i) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section, or (y) becomes available to either Collateral Agent, Credit Party or any of their respective Affiliates on a nonconfidential basis from a source other than Loyalty Program Partner who did not acquire such information as a result of a breach of this Section.

For purposes of this Section, "Information" means all information received from Loyalty Program Partner or any of its Subsidiaries relating to Loyalty Program Partner or any of its Subsidiaries or any of their respective businesses, other than any such information that is available to the Collateral Agent or Credit Party on a nonconfidential basis prior to disclosure by Loyalty Program Partner or any of its Subsidiaries; provided that, in the case of information received from Loyalty Program Partner or any of its Subsidiaries after the date hereof, such information is clearly identified at the time of delivery as confidential.

Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information. In the event of any breach of this Section 9(i), any non-breaching party, in addition to any other remedies at law or in equity it may have, shall be entitled to seek injunctive relief.

IN WITNESS WHEREOF, the parties hereto are executing this Agreement as of the date above first written.

[NAME OF LOYALTY PROGRAM PARTNER]

By_____
Name:
Title:

[Signature Page to Loyalty Program Direct Agreement]

[NAME OF CREDIT PARTY]

By_____
Name:
Title:

[Signature Page to Loyalty Program Direct Agreement]

THE BANK OF NEW YORK MELLON
as Collateral Agent

By_____
Name:
Title:

[Signature Page to Loyalty Program Direct Agreement]

DISCLOSURE SCHEDULES

Schedule 1(b)

- [●]

Schedule 1(c)

- [●]

Schedule 1(d)

- [●]

Schedule 4(c)

- [●]

EXHIBIT A

Loyalty Program Agreement

Please list the Loyalty Program Agreement and any amendments thereto or assignments thereof as of the date of this Agreement.

EXHIBIT B

Collection Account Wiring Instructions

EXHIBIT E

FORM OF BORROWING Request

The Bank of New York Mellon
as Administrative Agent
Attention: ###
240 Greenwich Street, 7th Floor
New York, NY 10286
Telephone: ###
Email: ###
###

and:

The Department of the Treasury of the United States
Attention: Assistant General Counsel (Banking and Finance)
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220
Telephone: ###
Email: ###

[●], 202[●][15]

Ladies and Gentlemen:

The undersigned, American Airlines, Inc., a corporation organized under the laws of Delaware (the "Borrower"), refers to the Loan and Guarantee Agreement, dated as of September [●], 2020 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Loan and Guarantee Agreement"), among the Borrower, American Airlines Group Inc., a corporation organized under the laws of Delaware (the "Parent"), the Guarantors party thereto from time to time, the United States Department of the Treasury as the Initial Lender, the Lenders party thereto from time to time and The Bank of New York Mellon as Administrative Agent and Collateral Agent. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Loan and Guarantee Agreement. This notice constitutes a Borrowing Request pursuant to the Loan and Guarantee Agreement, and the Borrower hereby gives you notice pursuant to Sections 2.03(a) and (b) of the Loan and Guarantee Agreement that it requests a Borrowing under the Loan and Guarantee Agreement, and in connection therewith specifies the following information with respect to the Borrowing requested hereby:

(A) The Borrowing shall be denominated in dollars and shall be in an aggregate principal amount equal to: $[●],000,000.00

(B) Date of Borrowing (which is a Business Day): [●], 202[●]

[15] Notice must be received by the Administrative Agent (with a copy to the Initial Lender) by not later than 11:00 a.m. (New York City time), three (3) Business Days, with respect to the initial Borrowing, or five (5) Business Days, with respect to each subsequent Borrowing, prior to the date of the requested Borrowing.

(C) Locations and numbers of the accounts to which funds of the requested Borrowing are to be disbursed:

(1) To American Airlines, Inc.:

Bank Name:	[●]
Account Name:	[●]
Account Number:	[●]
ABA Number:	[●]
Amount:	$[●]

(2) To Cleary Gottlieb Steen & Hamilton LLP, as legal counsel to the Initial Lender, pursuant to Section 4.01(f) of the Loan and Guarantee Agreement:

Bank Name:	[●]
Account Name:	[●]
Account Number:	[●]
ABA Number:	[●]
Amount:	$[●][16]

The undersigned hereby certifies that (a) the representations and warranties of the Credit Parties set forth in the Loan and Guarantee Agreement and in each other Loan Document are true and correct in all material respects (or, in the case of any such representation or warranty already qualified by materiality, in all respects) on and as of the date of the Borrowing requested hereby (or, in the case of any such representation or warranty expressly stated to have been made as of a specific date, as of such specific date) and on and as of the date of the Borrowing requested hereby, (b) no Default has occurred or is continuing or will result from the requested Borrowing or from the application of proceeds thereof, (c) this Borrowing Request is made in compliance with the requirements of Sections 2.02 and 2.03 of the Loan and Guarantee Agreement and (d) all conditions in Sections 4.01 (with respect to the Borrowing on the Closing Date only) and 4.02 of the Loan and Guarantee Agreement have been satisfied as of the date of the Borrowing requested hereby.

Delivery of this Borrowing Request may initially be made by electronic communication including fax or email and shall be followed by an original authentic counterpart thereof.

[*Remainder of Page Intentionally Left Blank*]

[16] Insert amount of Cleary's legal expenses.

Very truly yours,

AMERICAN AIRLINES, INC.

By[15]: ____
Name:
Title:

[15] This Borrowing Request must be signed by a Responsible Officer of the Borrower. As used herein, a Responsible Officer is any of the following: (i) the chief executive officer, (ii) the Financial Officer (i.e., Chief Financial Officer, principal accounting officer, treasurer or controller), (iii) the president, (iv) the executive vice president or (v) any other officer or employee of the Borrower so designated from time to time by one of the aforementioned officers in a notice to the Administrative Agent (together with evidence of the authority and capacity of each such Person to so act in form and substance satisfactory to the Administrative Agent).

Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would be competitively harmful if publicly disclosed.

EXECUTION VERSION

AMENDMENT NO. 13

to the

A320 Family Aircraft Purchase Agreement

made July 20, 2011

between

AIRBUS S.A.S.

and

AMERICAN AIRLINES, INC.

This Amendment No. 13 to the A320 Family Aircraft Purchase Agreement dated July 20, 2011 (the "**Amendment**"), dated as of July 13, 2020, is entered into by and between **AIRBUS S.A.S**., a *société par actions simplifiée*, created and existing under French law having its registered office at 2 Rond-Point Emile Dewoitine, 31700 Blagnac, France and registered with the Toulouse *Registre du Commerce* under number RCS Toulouse 383 474 814 (the "**Seller**"), and **AMERICAN AIRLINES, INC**., a Delaware corporation having its principal office at 1 Skyview Drive, Fort Worth, Texas 76155, United States of America (the "**Buyer**");

WITNESSETH:

WHEREAS, the Buyer and the Seller entered into an Airbus A320 Family Aircraft Purchase Agreement, dated as of July 20, 2011, which, together with all Exhibits, Appendices and Letter Agreements attached thereto and as amended, modified or supplemented from time to time, is hereinafter called the "**Agreement**"; and

WHEREAS, the Parties have entered into that [****] between the Buyer and the Seller dated December 29, 2019, that [****] between the Buyer and the Seller dated March 2, 2020 and that [****] between the Buyer and the Seller dated June 26, 2020 (collectively, the "[****]").

WHEREAS, the Parties have agreed to amend certain terms of the Agreement relating to the Scheduled Delivery Month of certain Aircraft.

NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

The capitalized terms used herein and not otherwise defined in this Amendment will have the meanings assigned to them in the Agreement. The terms "herein," "hereof," and "hereunder" and words of similar import refer to this Amendment.

[****]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

1. [****]

1.1 Aircraft [****]

(a) The Scheduled Delivery Month of two (2) Aircraft (the "[****]") shall be [****] to a [****] as set forth in the following table.

Aircraft Type	Contractual Rank	CAC ID	[****] Scheduled Delivery Month	[****]
[****]	[****]	[****]	[****]	[****]
[****]	[****]	[****]	[****]	[****]

(b) The Scheduled Delivery Month of six (6) Aircraft (the "[****]") shall be [****] to a [****] as set forth in the following table.

Aircraft Type	Contractual Rank	CAC ID	[****] Scheduled Delivery Month	[****]
[****]	[****]	[****]	[****]	[****]
[****]	[****]	[****]	[****]	[****]
[****]	[****]	[****]	[****]	[****]
[****]	[****]	[****]	[****]	[****]
[****]	[****]	[****]	[****]	[****]
[****]	[****]	[****]	[****]	[****]

(c) Schedule 1 to the Agreement is [****] attached hereto as Exhibit 1.

1.2 [****]

(a) The parties agree the [****] were subject to [****] provided for in Clause 1.1(a). In consideration of such [****], for each [****], the Seller agrees to [****] pursuant to [****] of the Agreement for [****] resulting in a [****]. Such [****] shall not be subject to [****] by the Seller [****].

(b) Notwithstanding Clause 1.2(a) of this Amendment and [****] of the Agreement, in the event an [****] occurs in respect of a [****] after the date hereof, Seller will [****] Buyer [****] pursuant to [****] of the Agreement for [****] for such [****] specified in Clause 1.1(a); provided that

(i) the Seller shall not, in respect of a [****], [****] for such Aircraft; and

(ii) the [****], which shall not be subject to [****].

(c) The Seller will [****] that are [****] under Clause 1.2(a) and Clause 1.2(b) with respect to [****] as set forth in Clause 1.1(a) of this Amendment. If not [****] upon Delivery thereof.

1.3 [****]

Notwithstanding the provisions of [****] of the Agreement, with respect to each [****], the Buyer [****] in accordance with [****], (and the Seller will [****]) [****] and, accordingly, the [****] in accordance with the Agreement for the [****] as set forth in Clause 1.1(a) of this Amendment.

1.4 [****]

The [****] by the Buyer to the Seller in [****] prior to the date hereof and [****] in accordance with Clause 5.3.3 of the Agreement, [****], will be [****] by the Seller and [****] to the [****] in accordance with the Agreement.

1.5 [****]

The [****] of the [****] and [****] in Clause 1.1 shall not constitute or be construed as an [****] by [****] set forth in [****] to the Agreement.

1.6 [****]

For purposes of [****] of the Agreement, with respect to each [****], all references to the "[****]" shall mean [****]. For purposes of Clause 11.5 of the Agreement, with respect to each [****], all references to the "[****]" shall mean [****].

1.7 Performance Guaranty

The [****] of the [****] and [****] in Clause 1.1 does not have any effect on any guarantee set forth in Second Amended and Restated Letter Agreement No. 11[****] or Second Amended and Restated Letter Agreement No. 11[****].

2. [****]

Seller and Buyer acknowledge that Seller [****] to Buyer certain "**[****]**" with respect to the following Aircraft and pursuant to certain [****], as follows:

(a) Aircraft identified in Schedule 1 of the Agreement by CACID [****];

(b) Aircraft identified in Schedule 1 of the Agreement by CACID [****];

(c) Aircraft identified in Schedule 1 of the Agreement by CACID [****]; and

(d) Aircraft identified in Schedule 1 of the Agreement by CACID [****]

Seller and Buyer confirm that each [****] constitutes a [****] between Buyer and Seller relating to the Aircraft [****] of the applicable Aircraft as contemplated in **[****]** of the Purchase Agreement. Therefore, the [****], as applicable to each such Aircraft, are considered an [****] of each such Aircraft, as reflected [****] in connection with the [****] of each such Aircraft.

3. EFFECT OF THE AMENDMENT

The Agreement will be deemed amended to the extent herein provided, and, except as specifically amended hereby, will continue in full force and effect in accordance with its original terms. This Amendment contains the entire agreement between the Buyer and the Seller with respect to the subject matter hereof and supersedes any previous understandings, commitments, or representations whatsoever, whether oral or written, related to the subject matter of this Amendment.

Both parties agree that this Amendment will constitute an integral, nonseverable part of the Agreement and will be governed by its provisions, except that if the Agreement and this Amendment have specific provisions that are inconsistent, the specific provisions contained in this Amendment will govern.

This Amendment will become effective upon its execution.

4. AGREEMENT

Any reference to “Agreement” in the Agreement, shall mean a reference to the Agreement as amended, modified or supplemented from time to time, including by the is Amendment No. 13.

5. ASSIGNMENT

This Amendment and the rights and obligations of the parties are subject to the provisions of this Clause 21 of the Agreement.

6. CONFIDENTIALITY

The Seller and the Buyer agree not to disclose the terms and conditions of this Amendment to any person without the prior written consent of the other party. Notwithstanding the foregoing, the Seller and the Buyer agree that such terms and conditions may be disclosed without such prior written consent to (i) as required by law or as necessary in connection with the enforcement of such party’s rights hereunder, and (ii) to the board of directors, managers, employees, auditors, and legal, financial and technical advisors of each party.

7. COUNTERPARTS

This Amendment may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered (including counterparts delivered by e-mail or facsimile) will be an original, but all such counterparts will together constitute but one and the same instrument.

IN WITNESS WHEREOF, this Amendment was entered into as of the day and year first above written.

AIRBUS S.A.S.

By: /s/ Airbus S.A.S.

Title: Senior Vice President, Contracts

AMERICAN AIRLINES, INC.

By: /s/ American Airlines, Inc.

Title: _____

Amended and Restated SCHEDULE I to the Agreement

Aircraft Rank	Type	Scheduled Delivery Month/Year or Scheduled Delivery Quarter/Year	CAC ID No.
[****]	[****]	[****]	[****]
[****]	[****]	[****]	[****]
[****]	[****]	[****]	[****]
[****]	[****]	[****]	[****]
[****]	[****]	[****]	[****]
[****]	[****]	[****]	[****]
[****]	[****]	[****]	[****]
[****]	[****]	[****]	[****]
[****]	[****]	[****]	[****]
[****]	[****]	[****]	[****]
[****]	[****]	[****]	[****]
[****]	[****]	[****]	[****]
[****]	[****]	[****]	[****]
[****]	[****]	[****]	[****]
[****]	[****]	[****]	[****]
[****]	[****]	[****]	[****]
[****]	[****]	[****]	[****]
[****]	[****]	[****]	[****]
[****]	[****]	[****]	[****]
[****]	[****]	[****]	[****]
[****]	[****]	[****]	[****]
[****]	[****]	[****]	[****]
[****]	[****]	[****]	[****]
[****]	[****]	[****]	[****]
[****]	[****]	[****]	[****]
[****]	[****]	[****]	[****]
[****]	[****]	[****]	[****]
[****]	[****]	[****]	[****]
[****]	[****]	[****]	[****]
[****]	[****]	[****]	[****]
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[****]	[****]	[****]	[****]
[****]	[****]	[****]	[****]
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[****]	[****]	[****]	[****]
[****]	[****]	[****]	[****]
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[****]	[****]	[****]	[****]
[****]	[****]	[****]	[****]
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[****]	[****]	[****]	[****]
[****]	[****]	[****]	[****]
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[****]	[****]	[****]	[****]
[****]	[****]	[****]	[****]
[****]	[****]	[****]	[****]
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EXHIBIT 1 to Amendment No. 13

Aircraft Rank	**Type**	**Scheduled Delivery Month/Year or Scheduled Delivery Quarter/Year**	**CAC ID No.**
[****]	[****]	[****]	[****]
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[****]	[****]	[****]	[****]

Certain confidential information contained in this document, marked by brackets, has been omitted because it is both (i) not material and (ii) would be competitively harmful if publicly disclosed.

Exhibit 10.3

The Boeing Company
P.O. Box 3707
Seattle, WA 98124 2207

AAL-LA-2002714

American Airlines, Inc.
P.O. Box 619616
Dallas-Fort Worth Airport, Texas
75261-9616

Subject: [****] for 737 MAX [****]

This agreement (**Agreement**) is between American Airlines, Inc. (**Customer**) and The Boeing Company (**Boeing**) under Purchase Agreement No. 03735 (**Purchase Agreement**). Customer has committed to purchase one hundred (100) Boeing Model 737-8 aircraft (**Aircraft**) and has taken delivery of twenty-four (24) of the Aircraft (**Delivered Aircraft**). There are seventy-six (76) undelivered Aircraft (**Undelivered Aircraft**) under the Purchase Agreement. Capitalized terms used in this Agreement without definitions have the meanings specified in the Purchase Agreement.

RECITALS:

A. The current status of all Aircraft is enumerated in the Attachment A, [****], of this Agreement. Attachment A contains (i) delivery dates for the Delivered Aircraft (ii) the Scheduled Delivery Months [****] or the Nominal Delivery Months [****], as applicable, for the Undelivered Aircraft, (iii) [****] the Scheduled Delivery Month in accordance with paragraph 1.1.

A.1 [****] Undelivered Aircraft [****]. The Scheduled Delivery Months currently set forth in the Purchase Agreement for these [****] Aircraft range from [****] 2019 through [****] 2019.

A.2 [****] Undelivered Aircraft [****]. The Scheduled Delivery Month currently set forth in the Purchase Agreement for this [****] Aircraft is [****] 2019. The [****] Aircraft and [****] Aircraft (collectively [****]**)** are [****] Aircraft [****]**.**

A.3 [****] of the Undelivered Aircraft [****]. The Scheduled Delivery Months currently set forth in the Purchase Agreement for these [****] Aircraft are [****] 2020 and [****] 2020.

A.4 [****] Undelivered Aircraft with Scheduled Delivery Months currently set forth in the Purchase Agreement from [****] 2020 through [****] 2021 [****]. [****] are described in paragraph 1.2 of this Agreement.

A.5 [****] Undelivered Aircraft with Nominal Delivery Months currently set forth in the Purchase Agreement in [****] 2025 through [****] 2026 [****].

AGREEMENTS:

The [****] Boeing Model 737 MAX aircraft (**737 MAX Aircraft**) by the [****]**.** In [****]. Boeing [****] in accordance with paragraph 11, below. These [****] subject to and in accordance with this Agreement and the Purchase Agreement, as modified by this Agreement, and Customer's [****] under this Agreement and the Purchase Agreement including as such [****] are modified by this Agreement. [****] set forth under this Agreement and the Purchase Agreement, including as such [****] are modified by this Agreement, are subject to [****] set forth under this Agreement and the Purchase Agreement, including as such [****] are modified by this Agreement. For clarity, a [****].

1. [****]

1.1 [****]. Boeing and Customer will [****] the following [****].

1.1.1 Boeing and Customer will [****] described in Attachment B, of this Agreement. Neither Party may [****], [****].

(i) Customer will [****] to, by the [****] (or if the [****]) of the [****] for each [****] Aircraft as shown in Attachment B: (a) [****] Aircraft is no [****]; and (b) [****] Aircraft in substantially the form of Attachment D.

(ii) Boeing [****] and [****] for a [****] Aircraft prior to Customer or Boeing [****] for such [****] Aircraft. Neither Boeing or Customer may [****] with respect to a [****] Aircraft, and the Scheduled Delivery Month for such [****] Aircraft will [****] pursuant to any such [****], until such [****] Aircraft has been [****] to be [****] from the [****].

(iii) For Boeing or Customer to [****] for a [****] Aircraft, the Party that is [****] the [****] for a [****] Aircraft, must [****] to the [****] within [****] after Boeing has [****] the [****] and [****] ([****]).

(iv) If Boeing or Customer [****] for a [****] Aircraft, the Scheduled Delivery Month of such [****] Aircraft will be [****] to either [****] or [****] in accordance with its applicable [****] defined in Attachment B.

(v) For the avoidance of doubt, while a [****] Aircraft [****] to the [****], the provisions of this clause 1.1.1 will [****] to [****] any such Scheduled Delivery Month for such [****] Aircraft and will [****] to in any way affect any [****] under the [****] with respect to such [****] Aircraft.

(vi) With respect to each [****] Aircraft that has been [****] from the [****], if within [****] the [****] of the [****] for such [****] Aircraft, either (a) Customer is [****] to [****] to Boeing the [****] for such [****] Aircraft or (b) the [****] under the [****] to Boeing the [****] for such [****] Aircraft, Boeing will have the [****] to [****] the [****] and [****] to Customer [****] for such [****] Aircraft.

(vii) No later than [****] the [****] by Boeing or Customer of [****] for a [****] Aircraft, the parties will [****] a [****] to the Purchase Agreement to [****] the [****] Scheduled Delivery Month for the [****] Aircraft for which the [****] were [****] (each such [****], a [****]). The [****] will establish a [****] that will [****] the [****] Aircraft for which a [****] has been [****]. [****] will be updated each [****] a [****] is [****] for a [****] Aircraft. Upon addition of a [****] Aircraft to [****], such Aircraft will be [****] from [****].

1.1.2 [****] Aircraft [****]. If Customer [****] to [****] the [****], Customer may [****] an [****] for such [****] Aircraft subject to the following terms and conditions ([****]):

(i) Customer [****] to Boeing of Customer's [****] ([****]**)** [****] to this [****] ([****]).

(ii) Customer's [****] of the [****] to the [****] is [****].

(iii) Within [****] of a [****], Boeing will [****] a [****] to Customer's [****] or [****] Boeing [****] based on Boeing's [****].

(a) If Boeing [****] the [****], Boeing will [****] for Customer.

(b) If a [****] for the [****] Aircraft is [****] in the Requested [****], then Boeing will [****] of an [****] for Customer's [****] ([****]) within [****] business days after [****] of the [****]. For the avoidance of doubt, such [****] will be a delivery month that [****] to the [****]. Customer will have [****] business days [****] of the [****] to [****] to Boeing [****] or not [****] ([****]). The [****] Delivery Month for the [****] Aircraft will [****] and [****].

(iv) All of Boeing's [****] will be [****] to [****] and [****] Customer [****] by the [****]; except that such [****] by [****] will be [****] if Customer [****] to [****] in accordance with paragraph 1.1.2(v) below, within [****] business days [****] Boeing has [****] to Customer a [****].

(v) Boeing and Customer will [****] with respect to [****] for the purpose of [****] the Purchase Agreement. Boeing and Customer will [****] in [****] and [****] to [****] and [****]. Boeing will [****] Customer with a [****] of the [****] within [****] calendar days of the [****] of (i) [****] by Boeing of the [****] of the [****] in accordance with sub-clause 1.1.2(iii) above; or (ii) Customer's [****] of the [****] in accordance with sub-clause 1.1.2(iii) above.

1.1.3 If either Party [****] its [****] with respect to [****] Aircraft, then the [****] Delivery Month (or, if a [****] has been [****] for such [****] Aircraft, the [****] (the [****] **Delivery Month**)) will be the Scheduled Delivery Month for such [****] Aircraft and will be [****] all provisions of the Purchase Agreement (including, but not limited to, the Parties' rights and obligations under Section 7.4 of the Aircraft General Terms Agreement or Section 1.15.2 of Letter Agreement AAL-PA-03735-LA-1106671R1, entitled Miscellaneous Commitments for Boeing Model 737 Aircraft) other than the [****], which will be [****] in accordance with paragraph 5, below.

1.2 [****]. Boeing and Customer hereby [****] the [****] (as defined in Letter Agreement AAL-PA-03735-LA-1106651R1 entitled [****]) scheduled for [****] ([****]). The total amount of [****] (as defined in Letter Agreement AAL-PA-03735-LA-1106651R1 entitled [****]) [****] by Boeing for the [****] ([****]) is [****] ([****]). The [****] will be [****] to Customer upon execution of this Agreement.

2. Revisions to [****]

A separate [****] ([****]) between Customer and Boeing. The [****] remains in full force and effect, except the following specific [****] of the [****] are revised as follows:

Original Clauses [****] of the [****]	Revised Clauses [****] of [****] per this Agreement
a) [****]	[****]
b) [****]	[****]
c) [****]	[****]

3. [****] and [****] Matters.

3.1 Boeing will [****] to Customer by [****] by Customer the [****] of [****] ([****]) as follows.

3.1.1 The [****] of [****] ([****]) will be [****] by Boeing to Customer [****].

3.1.2 The [****] of [****] ([****]) will be [****] by Boeing to Customer [****].

3.2 [****]. Upon the [****] by either Boeing or Customer of their respective [****] for a [****] Aircraft, Boeing will [****] to Customer ([****]) an [****] to the [****] by Customer [****] to [****] of the [****] for the applicable [****] Aircraft and [****] by Boeing for such [****] Aircraft that is in [****] of either of the following, as applicable ([****]):

AC Delivery – Defined Term	[****]
[****] Aircraft (Per Attachment C)	[****]
[****] Aircraft (Per Attachment C)	[****]

3.2.1 Boeing will [****] the [****] with respect to each [****] Aircraft for which [****] have been [****] concurrent with [****] of the [****] with respect to such [****] Aircraft. The [****] of such [****] for each [****] Aircraft are described in Attachment C.

3.2.2 Boeing will continue to [****] the [****] Aircraft as described in Attachment C in accordance with and subject to the terms and conditions of the Purchase Agreement.

3.3 [****] Business Considerations.

Boeing and Customer will revise the [****] terms in Letter Agreement AAL-PA-03735-LA-116650R3 [****] to the Purchase Agreement for the [****] Aircraft to reflect the following [****]:

3.3.1 Following [****] of [****] for a [****] Aircraft by Boeing or Customer, Boeing will [****] the [****] Aircraft pursuant to paragraph 3.2.

3.3.2 For each [****] Aircraft for which the applicable [****] was [****], Customer will [****] a [****] to Boeing, at [****] ([****]) [****] to the [****] Delivery Month, in the [****] of the [****] between [****] of the [****] ([****]) and the [****] Aircraft.

3.3.3 The [****] for each of the [****] Aircraft for which the applicable [****] was [****] will be based on the Scheduled Delivery Month as set forth in Table 1R5 of the Purchase Agreement [****] of this Agreement.

3.3.4 [****] will be [****] and not [****] by Boeing or [****] by Customer for the [****] the [****] defined in the Purchase Agreement and the [****] schedule set forth in this paragraph 3.3 for the [****] Aircraft for which the applicable [****] was [****].

4. [****] Business Considerations.

Boeing will [****] to Customer the following [****] to [****] the [****] on Customer [****] with [****] ([****]), resulting from [****].

4.1 At time of delivery of each [****] Aircraft and each [****] Aircraft, for which [****] is provided by [****], Boeing will [****] to Customer a [****] at [****] of [****] ([****]) in the [****] of [****] ([****]), for each [****] Aircraft and [****] Aircraft [****]. The aggregate [****] of all [****] to Customer under paragraph 4.1 will not [****] ([****]).

5. [****] Business Considerations.

Boeing and Customer agree that the [****] of the [****] required by paragraph 3.1 of the Purchase Agreement for each of the [****] Aircraft, [****] Aircraft, and [****] Aircraft (regardless of whether or not the applicable [****]) will be [****] applicable to such [****] Aircraft, [****] Aircraft, and [****] Aircraft set forth in Table 1R5 of the Purchase Agreement as in effect on the date of this Agreement. (For the avoidance of doubt, a total of [****] Aircraft are subject to the [****] being based on the Scheduled Delivery Month applicable to such Aircraft as set forth in Table 1R5 of the Purchase Agreement.)

6. [****].

6.1 For each [****] Aircraft or [****] Aircraft that is [****] ([****]) and not [****] by the "[****]", thereby resulting in the number of [****] Aircraft or [****] Aircraft to be [****] than [****] to be [****] by the applicable "[****]" as set forth in the table below ([****]), then within [****] business days [****] the [****], Boeing will (i) [****] to Customer [****] ([****]) of the [****] for such [****] Aircraft or [****] Aircraft (such [****] by Boeing for such Aircraft); and (ii) will [****] to Customer the [****] for such [****] Aircraft or [****] Aircraft, as applicable.

[****]	[****] Aircraft and [****] Aircraft Boeing [****]
[****]	[****]
[****]	[****]
[****]	[****]
[****]	[****]
[****]	[****]

6.1.1 Once Boeing [****] the [****] Aircraft or [****] Aircraft for [****], Customer will [****] of such [****] Aircraft or [****] Aircraft (in accordance with all terms and conditions of the Purchase Agreement) so long as: (a) [****] occurs [****], (b) Boeing is in [****] with [****] obligations under this Agreement, and (c) the [****] Aircraft or [****] Aircraft is in the [****] required by the Purchase Agreement and Boeing has [****] obligations under the Purchase Agreement with respect to such [****] Aircraft and [****] Aircraft.

The foregoing [****] to [****] is also subject to any [****] Customer may have to [****] a [****] Aircraft or [****] Aircraft under paragraph 7.2.2.

6.2 Following [****], Boeing will [****] of [****] Aircraft and [****] Aircraft shown in the following table within the [****]:

[****]	[****] Aircraft and [****] Aircraft [****] ([****])
[****]	[****]
[****]	[****]
[****]	[****]
[****]	[****]
[****]	[****]

Notwithstanding Article 2.2 of the Purchase Agreement or anything to the contrary in this paragraph 6.2, and unless otherwise agreed by Customer in writing, Boeing's [****] of [****] Aircraft and [****] Aircraft for [****] will be subject to the following [****] (a) [****] ([****]) [****] Aircraft or [****] Aircraft on a [****] and (b) [****] ([****]) [****] Aircraft or [****] Aircraft in any [****] ([****]) [****] period. Customer understands that the [****] of [****] ([****]) may [****] from the [****] due to the [****] required to [****] and [****] Aircraft. After the [****] ([****]) months of [****] following [****], Boeing and Customer will discuss [****] for the [****] Aircraft and [****] Aircraft.

6.2.1 If [****] occurs before [****] on [****] and the [****] of [****] Aircraft and [****] Aircraft described in the table above have [****] to Customer within the [****] set forth above, then:

(i) For each [****] Aircraft or [****] Aircraft where there is a [****] in [****] (not [****] of Customer) by Boeing to Customer [****] the "[****]" set forth in the table in paragraph 6.2 ([****]), Boeing will [****] to Customer [****], in the following [****] (in [****]) per day of such [****], [****] and [****] relating to Boeing Model 737 Max Aircraft, Supplemental Agreement AE1, to the [****]: [****] ([****]).

(ii) Boeing will [****] such [****] to Customer within [****] ([****]) days [****] during which such [****].

(iii) If a [****] Aircraft is [****] of [****] ([****]) [****] the "[****]" set forth in the table in paragraph 6.2 ([****]), Boeing will have the [****] the Purchase Agreement with respect to such [****]. Boeing may [****] its [****] by providing Customer [****] than [****] ([****]) [****] the "[****]" set forth in the table in paragraph 6.2 for such [****] ([****]). The [****] will [****] the date the [****] will be [****] which will be no [****] than [****] ([****]) [****] after the [****] "[****]" set forth in the table in paragraph 6.2.

(iv) Notwithstanding paragraph 6.2.1 (iii), if Boeing [****] Customer with a [****], Customer will have the [****] to [****] Boeing within [****] ([****]) [****] of [****] of the [****] that Customer will [****] for [****] of the [****] Aircraft ([****]). Upon Boeing's [****] of such Customer [****], the Purchase Agreement with respect to such [****] Aircraft will [****] be [****] and will [****] and Boeing will [****] to [****] such [****] Aircraft to [****] in accordance with this Agreement and the Purchase Agreement; however, Boeing will [****] be [****] to pay [****] specified in the [****].

(v) If Customer [****] a Customer [****], Customer will [****] to Boeing in such Customer [****] the [****] (up to a [****] of [****] ([****]) [****]) that Customer will [****] to [****] of the [****] Aircraft ([****]). If such [****] Aircraft is [****] in [****] of the [****], then either Party will have the [****] to [****] the Purchase Agreement with respect to such [****] Aircraft.

(vi) If the Purchase Agreement is [****] by Boeing or Customer with respect to a [****] Aircraft pursuant to this paragraph 6.2.1, then Boeing will:

(a) within [****] ([****]) business days of the [****] of [****] of such [****] Aircraft, [****] by Boeing from Customer (but that have [****] been [****] to Customer) under the Purchase Agreement with [****] to such [****] Aircraft without [****] on all such [****],

(b) either [****] or [****] the [****] for such [****] Aircraft in accordance with Article 7.6 of the Aircraft General Terms Agreement (**AGTA**),

(c) if not [****] to Customer in accordance with paragraph 6.1 of this Agreement, [****] to Customer the [****] in accordance with paragraph 6.4 for such [****] Aircraft, and

(d) if not [****] to Customer in accordance with paragraph 6.2.1, [****] to Customer within [****] ([****]) business days of the [****] of [****] of such [****] Aircraft, an [****] to all [****] to Customer pursuant to paragraph 6.2.1(i) through the [****] specified in the [****].

(vii) Except for Boeing's [****] in paragraph 6.2.1 (iii) above, the Parties [****] in paragraph 6.2.1 (v) and Customer's [****] in paragraph 7.2.2, neither Boeing nor Customer may [****] any [****] may have to [****] a [****] Aircraft or [****]

Aircraft pursuant to Article 7.4 of the AGTA or paragraph 1.15.2 of Letter Agreement AAL-PA-03735-LA-1106671R1.

6.3 Boeing and Customer will not [****] for a [****] Aircraft that may arise in accordance with Article 7.4 of the AGTA or paragraph 1.15.2 of Letter Agreement AAL-PA-03735-LA-1106671R1, unless the [****] have been [****] in accordance with paragraph 1.1 for such [****] Aircraft to the [****] Delivery Month. In such event, Customer's and Boeing's [****] and [****] of Customer and Boeing in connection with any such [****] such [****] Aircraft's [****] Delivery Month (or the [****] Aircraft [****] Delivery Month, as applicable). For all [****] Aircraft [****] by Boeing to Customer by [****], Boeing will [****] to Customer by [****], the [****] for such [****] Aircraft, if [****] to Customer.

6.4 For all [****] Aircraft or [****] Aircraft [****] by Boeing to Customer by [****], Boeing will [****] to Customer, by [****], the [****] for such [****] Aircraft or [****] Aircraft, if [****] to Customer.

6.5 If Boeing [****] the [****] under paragraph 6.4, then Boeing's [****] the [****] for such [****] Aircraft or [****] Aircraft is [****].

7. [****].

7.1 Customer has [****] ([****]) for the [****] Aircraft and the [****] Aircraft, (together, the [****] **Aircraft**) with [****]. Notwithstanding anything to the contrary in this Agreement or the Purchase Agreement, Boeing will [****] Customer in [****], [****] and [****] the [****] Aircraft will be [****] to by Boeing to Customer at least [****] ([****]) [****] to Boeing [****] a [****] Aircraft to Customer.

7.2 If (a) [****] gives [****] to [****] that it will [****] for a [****] Aircraft due to [****] or (b) [****] to [****] for a [****] Aircraft for any reason following [****] by Customer of the applicable [****] in the [****] for such [****] Aircraft, then Customer will promptly [****] Boeing in [****] of such [****] or [****] ([****]) for the [****]. Upon i) Boeing's [****] of the [****] or ii) if any [****] Aircraft has [****] to Customer [****], Boeing will [****] ([****]) to [****].

7.2.1 Such [****] will be [****], as [****] by Customer [****], to the terms of [****] that Customer has under the [****] with [****]. If the terms of the [****] are [****] to the terms [****], Customer and Boeing will [****] to [****] that Boeing will [****] to Customer to [****] Customer for the [****], which may include an [****] in the [****] of the [****] per [****] Aircraft in which case the [****] in paragraph 4.1 will be [****] accordingly.

7.2.2 If Boeing does [****] for a [****] Aircraft in accordance with this paragraph 7.2 at the time such [****] Aircraft is [****] to Customer, then Customer may [****] of such [****] Aircraft until Boeing [****] in accordance with this paragraph 7.2. If Boeing does [****] within [****] ([****]) [****] following the latter of (i) the "[****]" set forth in the table in paragraph 6.2, or (ii) [****] of the [****] for such [****] Aircraft, then Customer may either:

(i) [****] (or [****]) [****] of such [****] Aircraft until Boeing [****] for such [****] Aircraft in accordance with this paragraph 7.2 for [****] of the [****] Aircraft or

(ii) [****] the Purchase Agreement with respect to the [****] Aircraft.

7.2.3 If Customer [****] the Purchase Agreement with respect to a [****] Aircraft pursuant to paragraphs 7.2.2(ii), then Boeing [****]:

(i) within [****] ([****]) [****] of the [****] Aircraft, [****] any [****] by Boeing from Customer under the Purchase Agreement (that has [****]) without [****] on all such [****],

(ii) either [****] or [****] the [****] for such [****] Aircraft in accordance with Section 7.6 of the AGTA, and

(iii) if not [****] to Customer in accordance with paragraph 6.1 of this Agreement, [****] to Customer by [****] the [****] for such [****] Aircraft.

7.2.4 For the avoidance of doubt, if Boeing [****] for a [****] Aircraft within [****] ([****]) [****] the "[****]" set forth in the table in paragraph 6.2, as applicable to such [****] Aircraft and Customer has [****] to [****] such [****] Aircraft as set forth in paragraph 7.2.2(ii) above, then paragraph 6.2.1 will apply.

7.2.5 If [****] to Customer in accordance with paragraph 6.2.1 of this Agreement, Boeing [****] to Customer the [****] of [****] to Customer in accordance with paragraph 6.2.1 of this Agreement for [****] that the [****] of the [****] Aircraft was [****] until (a) Boeing [****] the [****] and [****] the [****] Aircraft in accordance with the terms and conditions of the Purchase Agreement or (b) the Purchase Agreement with respect to such [****] Aircraft is [****] in accordance with paragraphs 7.2.2(ii), 6.2.1(iii), or 6.2.1(v).

8. Conditions for Certain [****] under this Agreement.

8.1 If Customer has [****] (after [****]) on any of its [****] under the Purchase Agreement or Purchase Agreement No. 3219 between Boeing and Customer, then Boeing [****], [****] ([****]) [****] to [****], [****] of one or more of the following that has [****] to Customer, [****] and in an [****] to [****] such [****] that are [****] and [****] by Customer to Boeing and not the subject of a [****] as [****] to Boeing in [****]:

8.1.1 The [****] set forth in paragraph 3.1 of this Agreement.

8.1.2 The [****] defined in paragraph 3.2 of this Agreement.

8.1.3 The [****] defined in paragraph 4.1 of this Agreement, as applicable.

9. Boeing [****].

9.1 For the [****] Aircraft, Boeing will [****] of the standard Boeing [****] by the actual [****] of [****] from [****] and [****] through [****].

9.2 For the [****] Aircraft, if the [****] of a [****] cited in the applicable [****] ([****]) is not [****] by the applicable [****] by the [****] of [****] of [****] from [****] and [****] through [****] ([****]), Boeing will [****], or arrange to have [****], the [****] for such [****].

10. [****].

10.1 For purposes of this Agreement, a [****] is a [****] ([****]). If at the time of [****] of a [****] Aircraft the [****] on a [****] allowed under Boeing's [****] for [****] of such [****] as set forth in the Boeing [****] ([****]), then to the extent practicable [****] to [****] of such [****] Aircraft, Boeing will [****] such [****] with one that has a [****] to or [****] the [****] under Boeing's [****] for [****] of such [****]. If Boeing is [****] to [****] such [****] before [****] of a [****] Aircraft, then Boeing will [****] at [****] of the affected [****] Aircraft for such [****] ([****]) that [****] as follows:

[****]
[****]
[****] Note: For any [****]

10.2 For a [****] that [****] on a specific [****], Boeing [****] and [****] that Boeing [****] such [****] under those [****] and [****]. Thus, any [****] that [****] during the [****] will have [****], and [****], [****], [****] as required. The Boeing [****] are reflected in the [****].

10.3 The [****] will be [****] to Customer's [****] from Boeing. For purposes of this [****], [****].

11. [****].

11.1 Except as set forth below in this paragraph 11, (i) Customer agrees that the [****] to Customer as contained in this Agreement and in the [****] by Customer [****] for the Aircraft, and are in [****] Customer may have [****] Boeing, [****] of Boeing's [****] to Customer with [****] for the Aircraft, and (ii) Customer [****] Boeing and [****].

11.2 [****] in paragraph 11.1 [****], if [****], Customer [****], [****] (i) such [****], and (ii) any [****]under Section 1.24, FAA Grounding, in Letter Agreement AAL-PA-03735-LA-1106671R1, entitled Miscellaneous Commitments for Boeing Model 737 MAX Aircraft [****].

11.3 For the avoidance of doubt, the [****] in this Agreement.

11.4 For the avoidance of doubt, if [****] the 737 MAX Aircraft is [****] ([****]), Customer and Boeing [****] under the Purchase Agreement with respect to such [****], [****] under Section 1.24, FAA Grounding, in Letter Agreement AAL-PA-03735-LA-1106671R1, entitled Miscellaneous Commitments for Boeing Model 737 MAX Aircraft, for each Aircraft delivered to Customer that is [****].

11.5 For the avoidance of doubt, if [****], all [****] of Customer and [****] of Boeing in connection with an [****] Customer of [****] Aircraft or an [****] Aircraft under Section 7.4 of the Aircraft General Terms Agreement or Section 1.15.2 of Letter Agreement AAL-PA-03735-LA-1106671R1, entitled Miscellaneous Commitments for Boeing Model 737 Aircraft, will be [****] as currently set forth in the Purchase Agreement.

12. Administrative Supplemental Agreement.

Boeing and Customer will sign a Supplemental Agreement to the Purchase Agreement within [****] calendar days after execution of this Agreement to administratively incorporate the relevant terms into the Purchase Agreement. Failure to execute a Supplemental Agreement does not nullify any agreements set forth in this Agreement.

13. Governing Law.

This Agreement will be interpreted under and governed by the laws of the state of Washington, U.S.A., except that the conflict of laws provisions under Washington law will not be applied for the purpose of making other law applicable.

14. Confidentiality.

The information contained herein represents confidential business information and has value precisely because it is not available generally or to other parties. This Agreement will be subject to the terms and conditions of Letter Agreement No. AAL-PA-03735-LA-1106670 entitled "Confidentiality".

ACCEPTED AND AGREED TO this

Date: September 4, 2020

American Airlines, Inc.		THE BOEING COMPANY	
By:	/s/ American Airlines, Inc.	By:	/s/ The Boeing Company
Name:	American Airlines, Inc.	Name:	The Boeing Company
Title:	VP, Treasurer	Title:	Attorney-In-Fact

Attachment A: [****] Overview		
Scheduled Delivery Month or Nominal Delivery Month, as applicable	**Delivery Date, [****], as applicable**	**Status**
[****]-2017	Delivered September 28, 2017	Delivered Aircraft
[****]-2017	Delivered October 30, 2017	Delivered Aircraft
[****]-2017	Delivered December 4, 2017	Delivered Aircraft
[****]-2017	Delivered December 22, 2017	Delivered Aircraft
[****]-2018	Delivered February 20, 2018	Delivered Aircraft
[****]-2018	Delivered March 7, 2018	Delivered Aircraft
[****]-2018	Delivered March 26, 2018	Delivered Aircraft
[****]-2018	Delivered May 11, 2018	Delivered Aircraft
[****]-2018	Delivered May 18, 2018	Delivered Aircraft
[****]-2018	Delivered June 6, 2018	Delivered Aircraft
[****]-2018	Delivered June 28, 2018	Delivered Aircraft
[****]-2018	Delivered July 12, 2018	Delivered Aircraft
[****]-2018	Delivered August 23, 2018	Delivered Aircraft
[****]-2018	Delivered August 31, 2018	Delivered Aircraft
[****]-2018	Delivered September 21, 2018	Delivered Aircraft
[****]-2018	Delivered October 31, 2018	Delivered Aircraft
[****]-2018	Delivered December 18, 2018	Delivered Aircraft
[****]-2018	Delivered December 11, 2018	Delivered Aircraft
[****]-2018	Delivered December 26, 2018	Delivered Aircraft
[****]-2018	Delivered December 30, 2018	Delivered Aircraft
[****]-2019	Delivered January 22, 2019	Delivered Aircraft
[****]-2019	Delivered January 31, 2019	Delivered Aircraft
[****]-2019	Delivered February 26, 2019	Delivered Aircraft
[****]-2019	Delivered February 19, 2019	Delivered Aircraft

[****]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Scheduled Delivery Month or Nominal Delivery Month, as applicable	Delivery Date, [****], as applicable	Status
[****]-2019	[****]	[****]
[****]-2019	[****]	[****]
[****]-2019	[****]	[****]
[****]-2019	[****]	[****]
[****]-2019	[****]	[****]
[****]-2019	[****]	[****]
[****]-2019	[****]	[****]
[****]-2019	[****]	[****]
[****]-2019	[****]	[****]
[****]-2019	[****]	[****]
[****]-2019	[****]	[****]
[****]-2019	[****]	[****]
[****]-2019	[****]	[****]
[****]-2019	[****]	[****]
[****]-2019	[****]	[****]
[****]-2019	[****]	[****]
[****]-2020	[****]	[****]
[****]-2020	[****]	[****]
[****]-2020	[****]	[****]
[****]-2020	[****]	[****]
[****]-2020	[****]	[****]
[****]-2020	[****]	[****]
[****]-2020	[****]	[****]
[****]-2020	[****]	[****]
[****]-2020	[****]	[****]
[****]-2020	[****]	[****]
[****]-2021	[****]	[****]
[****]-2021	[****]	[****]
[****]-2021	[****]	[****]
[****]-2021	[****]	[****]
[****]-2021	[****]	[****]
[****]-2021	[****]	[****]
[****]-2021	[****]	[****]
[****]-2021	[****]	[****]
[****]-2021	[****]	[****]
[****]-2021	[****]	[****]

Scheduled Delivery Month or Nominal Delivery Month, as applicable	Delivery Date, [****], as applicable	Status
[****]-2025	-	***
[****]-2025	-	***
[****]-2025	-	***
[****]-2025	-	***
[****]-2025	-	***
[****]-2025	-	***
[****]-2025	-	***
[****]-2025	-	***
[****]-2025	-	***
[****]-2025	-	***
[****]-2025	-	***
[****]-2025	-	***
[****]-2025	-	***
[****]-2025	-	***
[****]-2025	-	***
[****]-2025	-	***
[****]-2025	-	***
[****]-2025	-	***
[****]-2025	-	***
[****]-2025	-	***
[****]-2026	-	***
[****]-2026	-	***
[****]-2026	-	***
[****]-2026	-	***
[****]-2026	-	***
[****]-2026	-	***
[****]-2026	-	***
[****]-2026	-	***
[****]-2026	-	***
[****]-2026	-	***
[****]-2026	-	***
[****]-2026	-	***
[****]-2026	-	***
[****]-2026	-	***
[****]-2026	-	***
[****]-2026	-	***

[*****]–[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (i) IS NOT MATERIAL AND (ii) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Scheduled Delivery Month or Nominal Delivery Month, as applicable	Delivery Date, [****], as applicable	Status
[****]-2026	-	***
[****]-2026	-	***
[****]-2026	-	***

Notes:

* **[****]**. In order to **[****]**, Boeing **[****]**.

** For **[****]** also see Attachment B, **[****]**. In case of conflict, this Attachment A controls.

*** Pursuant to **[****]** of the Agreement, these Aircraft **[****]**.

Attachment B: [****] and [****]		
Scheduled Delivery Month	**[****]**	**[****]**
[****]-2020	[****]	[****]
[****]-2020	[****]	[****]
[****]-2020	[****]	[****]
[****]-2020	[****]	[****]
[****]-2020	[****]	[****]
[****]-2020	[****]	[****]
[****]-2020	[****]	[****]
[****]-2020	[****]	[****]
[****]-2021	[****]	[****]
[****]-2021	[****]	[****]
[****]-2021	[****]	[****]
[****]-2021	[****]	[****]
[****]-2021	[****]	[****]
[****]-2021	[****]	[****]
[****]-2021	[****]	[****]
[****]-2021	[****]	[****]
[****]-2021	[****]	[****]
[****]-2021	[****]	[****]

[****]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Attachment C: [****]					
Scheduled Delivery Month	[****]	[****]	[****]	[****]	[****]
[****]-20	[****]	[****]	[****]	[****]	[****]
[****]-20	[****]	[****]	[****]	[****]	[****]
[****]-20	[****]	[****]	[****]	[****]	[****]
[****]-20	[****]	[****]	[****]	[****]	[****]
[****]-20	[****]	[****]	[****]	[****]	[****]
[****]-20	[****]	[****]	[****]	[****]	[****]
[****]-20	[****]	[****]	[****]	[****]	[****]
[****]-20	[****]	[****]	[****]	[****]	[****]
[****]-21	[****]	[****]	[****]	[****]	[****]
[****]-21	[****]	[****]	[****]	[****]	[****]
[****]-21	[****]	[****]	[****]	[****]	[****]
[****]-21	[****]	[****]	[****]	[****]	[****]
[****]-21	[****]	[****]	[****]	[****]	[****]
[****]-21	[****]	[****]	[****]	[****]	[****]
[****]-21	[****]	[****]	[****]	[****]	[****]
[****]-21	[****]	[****]	[****]	[****]	[****]
[****]-21	[****]	[****]	[****]	[****]	[****]
[****]-21	[****]	[****]	[****]	[****]	[****]

ATTACHMENT D

Attachment D to AAL-LA-2002714

BOEING PROPRIETARY

[Form of [****]]

This [****] is dated as of [ ], 201[ ], by [****] (the "[****]) [****] in favor of **American Airlines, Inc.** (the "[****]).

RECITALS

WHEREAS, [****];

WHEREAS, Section 11.1(a) of the [****];

WHEREAS, [****];

WHEREAS, capitalized terms not otherwise defined herein are used herein with the same meanings ascribed to such terms in the [****];

NOW, THEREFORE, in consideration of the foregoing:

1. The [****].

2. The [****].

3. The [****].

IN WITNESS WHEREOF, the [****] has caused this [****] to be duly executed by its officer, thereunto duly authorized, as of the day and year first above written.

[****], as [****]

By:_____
Name:
Title:

Address: [****]

[****]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Exhibit 31.1

CEO CERTIFICATION

I, W. Douglas Parker, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q 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: October 22, 2020

/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 Quarterly Report on Form 10-Q 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: October 22, 2020

/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 Quarterly Report on Form 10-Q 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: October 22, 2020

/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 Quarterly Report on Form 10-Q 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: October 22, 2020

/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 Quarterly Report on Form 10-Q of American Airlines Group Inc. (the "Company") for the quarterly period ended September 30, 2020 (the "Report"), W. Douglas Parker, as Chief Executive Officer of the Company, and Derek J. Kerr, as Executive Vice President and 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: October 22, 2020

/s/ Derek J. Kerr

Name: Derek J. Kerr
Title: Executive Vice President and Chief Financial Officer
Date: October 22, 2020

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 Quarterly Report on Form 10-Q of American Airlines, Inc. (the "Company") for the quarterly period ended September 30, 2020 (the "Report"), W. Douglas Parker, as Chief Executive Officer of the Company, and Derek J. Kerr, as Executive Vice President and 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: October 22, 2020

/s/ Derek J. Kerr

Name: Derek J. Kerr
Title: Executive Vice President and Chief Financial Officer
Date: October 22, 2020

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.